



18th September, 2018

Dear Professional Colleagues

Subject: Facilitation, Coordination & Knowledge support by ICSI - DIR-3 KYC Compliances

As you are aware that the Institute of Company Secretaries of India (ICSI) is always instrumental in providing necessary facilitation, co-ordination and knowledge support to its stakeholders. It acts as synergy partner and makes several representations on behalf of Industry, its directors and company secretary professionals and also support MCA in implementation of various provisions of the Companies Act, 2013 and MCA 21 processes.

Recently, MCA has introduced the KYC process to be undertaken by directors in time bound manner. ICSI has examined the said process and identified the difficulties of stakeholders in undertaking the said compliances. It has pro-actively and as a usual practice initiated the dialogue and discussions with the MCA.

MCA after understanding the issues and representations made by ICSI, issued various clarifications in ease of implementation of KYC process. Further, with great persuasion of ICSI, an extension of 15 days from 1st September, 2018 to 15th September, 2018 was granted by MCA for compliance of KYC process by directors.

We wish to bring to your kind notice the following initiatives and steps taken by your Institute in this regard -

Sl. No.	Representations and meetings held with Government of India	Details
1.	Meeting on 16 th August, 2018 with Joint Secretary, Government of India, Ministry of Corporate Affairs.	<p>After detailed discussion, request for extension of time of two Months for filing of e-form DIR-3 KYC by directors was submitted to MCA.</p> <p>In response to the representation of ICSI, MCA has granted an extension of 15 days from 1st September, 2018 to 15th September, 2018 to undertake compliances of KYC by directors.</p> <p>During the discussion various Issues/difficulties were highlighted and following requests were made:</p> <ul style="list-style-type: none">• Self-attestation of documents requested

		<ul style="list-style-type: none"> • Common Address Proofs to be allowed as under Incorporation or DIN Rules • DIR-6 and DIR-3 KYC both used for updating the database of directors leading to duplication of records • Directors of Indian origin with foreign nationality facing difficulties as regards to residential address and suggestion made to allow such directors to provide Indian address proof • Status of compliance of KYC on MCA21 portal to be made available on real time basis
2.	Representation on 23 rd August, 2018 to Joint Secretary, Government of India, Ministry of Corporate Affairs.	Representation was made on the various practical difficulties faced by stakeholders and proposal to make suitable amendment in relevant rules, wherein the ICSI has again requested to consider for providing extension of Filing of DIR-3 KYC by two Months.
3.	Discussions, meetings and follow up with MCA officials	<p>Regular meetings and discussions were done with MCA senior officials including Joint Secretaries, MCA by ICSI team led by President, ICSI and Council Members</p> <p>MCA has resolved difficulties for the directors who are non- resident Indians by making it optional for NRI directors to mandatorily file Aadhar with DIR- 3 KYC.</p> <p>Revision in E-form was done in order to capture clarifications pertaining to basic details like Name, Father's name, Date of Birth, PAN Number, Mobile Number, E-mail ID, Permanent and Personal Address.</p>
4.	Meetings held in September, 2018	Meetings held with MCA officials and Joint Secretaries wherein information about KYC compliances was exchanged and based on that, requests were made to extend the period of filing beyond 15 th September, 2018.
5.	Letter dated September 14, 2018 to Secretary to Government of India, Ministry of Corporate Affairs with copy to Joint Secretaries, Government of India, Ministry of Corporate Affairs.	<p>Request for extension of last date for filing e-Form DIR-3 KYC by two months was made.</p> <p>Issues/ Difficulties highlighted:</p> <ul style="list-style-type: none"> • Initiation of KYC process mandatorily requires every director to possess digital signature. However, procurement of DSC

6.	Letter dated September 17, 2018 to Hon'ble Minister of Finance and Corporate Affairs, with a copy to Secretary to Government of India, Ministry of Corporate Affairs.	<p>is a time consuming process which has further been elongated with the video verification being mandatory.</p> <ul style="list-style-type: none"> • In the case of foreign directors, the process of collection of various proofs and their attestation runs into several days. • The ongoing Ganesh festival which is of much significance in the Indian cultural scenario has led to reduced working days available for the accomplishment of this activity. • Entrepreneurs, business persons and industrialists, the entire brigade of persons playing the role of directors in the Boards across the corporates are required to travel a lot. This leads to hassles while coordinating with respect to OTPs. • Getting OTP in the case of foreign directors also is genuinely a problem. • Furthermore, the entire state of Kerala, its infrastructure and organisations are seriously impaired because of the floods.
7.	President discussed the matter with Secretary, MCA and apprised him about the difficulties. The matter was also discussed with Joint Secretary, Government of India, Ministry of Corporate Affairs. (17 th September, 2018)	Detailed discussions on the issue
8.	The matter was further brought to the notice of the Office of the Hon'ble Minister of Finance and Corporate Affairs. (17 th September, 2018)	Discussions held on the issue.

Advocacy Measures undertaken

Your Institute, from time to time, in order to provide support to Company Secretaries in undertaking KYC compliances on behalf of directors and to popularise the KYC compliances process with the help of MCA took the following initiatives.

Sl. No.	Measures undertaken	Details
1.	To ensure timely filing of DIR- 3 KYC- Appeal made to Industry associations and chamber of commerce	Vide e-mail dated August 07, 2018, ICSI has requested the following industry bodies to propagate the filing of DIR-3 KYC e-form amongst their members, for timely filing and to

		<p>avoid last minute rush on the due date:</p> <ul style="list-style-type: none"> - Institute of Directors; - PHD Chamber of Commerce and Industry - The Associated Chambers of Commerce and Industry of India (ASSOCHAM); - Federation of Indian Chambers of Industry (FICCI) - Confederation of Indian Industry (CII) <p>President ICSI during his visits, met various chamber of commerce and industry associations and appraised them about the KYC process to be complied by the Directors and extended the required support to them on behalf of company secretaries.</p>
2.	Knowledge Organised Session	<ul style="list-style-type: none"> • Webinar on DIR-3 KYC {Companies (Appointment and Qualification of Directors) Fourth Amendment Rules, 2018} In order to enhance the understanding of professionals in discharge of their duties and responsibilities efficiently and effectively in reference to DIR-3 KYC, the ICSI organized a Webinar on DIR-3 KYC on August 1, 2018 at New Delhi. The webinar was addressed by Shri Shashi Raj Dara, Joint Director, e-GOV, Ministry of Corporate Affairs, Shri KMS Narayanan, Assistant Director, Ministry of Corporate Affairs, and CS Bhasker Subramanian, Industry Principal, Infosys Limited. Approximately 1300 members have attended the said webinar and benefited out of knowledge sharing initiative of ICSI. • ICSI has requested all Chapters to organise sessions and Study Circle Meetings to create understanding and resolve the difficulties of members. • Registrar of companies and regional directors at respective cities were requested to join the various seminars and study circles and to address the company secretaries.

We look forward to your sustaining support to ICSI for its mission to serve the stakeholders.

Thanks & Regards,

(CS Ashok Kumar Dixit)
Officiating Secretary, ICSI