

## **Origin of Secretarial Standards Board and Its Objectives**

The Institute of Company Secretaries of India, (ICSI), recognising the need for integration, harmonisation and standardisation of diverse secretarial practices prevalent in the corporate sector, has constituted the Secretarial Standards Board (SSB) with the objective of formulating Secretarial Standards.

SSB was constituted in the year 2000. The formulation of SSB is a unique and pioneering step by the Institute of Company Secretaries of India (ICSI) since there is no such Board or body throughout the world. The purpose of constituting this Board was for long-term benefits for the growth and enhanced visibility of the profession and setting up international benchmarks in Secretarial Standards.

The SSB comprises of eminent members of the profession holding responsible position in well-known companies and senior members in practice as well as representatives of regulatory authorities, such as the Ministry of Corporate Affairs, Securities and Exchange Board of India, Reserve Bank of India, Stock Exchanges and the sister professional bodies viz. the Institute of Chartered Accountants of India and the Institute of Cost Accountants of India. The ICSI-CCGRT (Centre for Corporate Governance, Research & Training) provides technical and secretarial support to SSB.

## **Scope and Functions of the Secretarial Standards Board**

The scope of SSB is to identify the areas in which Secretarial Standards need to be issued by the Council of ICSI and to formulate such Standards. SSB will also clarify issues arising out of such Standards and issue guidance notes for the benefit of members of ICSI, corporates and other users.

The main functions of SSB are:

- (i) Formulating Secretarial Standards;
- (ii) Clarifying issues arising out of the Secretarial Standards;
- (iii) Issuing Guidance Notes; and
- (iv) Reviewing and updating the Secretarial Standards / Guidance Notes at periodic intervals.

## **Need for Secretarial Standards**

Companies follow diverse secretarial practices and, therefore, there is a need to integrate, harmonise and standardise such practices so as to promote uniformity and consistency.

The Secretarial Standards Board formulates Secretarial Standards taking into consideration the applicable laws, usages, business environment, practical applicability and the best secretarial practices prevalent. Secretarial Standards are developed;

- in a transparent manner;
- after extensive deliberations, analysis, research; and
- after taking views of corporate, regulators and the public at large.

### **Scope of Secretarial Standards**

The Secretarial Standards do not seek to substitute or supplant any existing laws or the rules and regulations framed thereunder but, in fact, seek to supplement such laws, rules and regulations.

Secretarial Standards that are issued will be in conformity with the provisions of the applicable laws. However, if, due to subsequent changes in the law, a particular Standard or any part thereof becomes inconsistent with such law, the provisions of the said law shall prevail.

### **Procedure for issuing Secretarial Standards**

The following procedure is adopted for formulating and issuing Secretarial Standards:

1. SSB, in consultation with the Council, shall determine the areas in which Secretarial Standards need to be formulated and the priority in regard to the selection thereof.
2. In the preparation of Secretarial Standards, SSB may constitute Working Groups to formulate preliminary drafts of the proposed Standards.
3. The preliminary draft of the Secretarial Standard prepared by the Working Group shall be circulated amongst the members of SSB for discussion and shall be modified appropriately, if so required.
4. The preliminary draft will then be circulated to the members of the Central Council as well as to Chairmen of Regional Councils/ Chapters of ICSI, various professional bodies, Chambers of Commerce, regulatory authorities such as the Ministry of Corporate Affairs, the Department of Economic Affairs, the Securities and Exchange Board of India, Reserve Bank of India, Department of Public Enterprises and to such other bodies/organisations as may be decided by SSB, for ascertaining their views, specifying a time-frame within which such views, comments and suggestions are to be received.
5. A meeting of SSB with the representatives of such bodies / organisations may then be held, if considered necessary, to examine and deliberate on their suggestions.

6. On the basis of the preliminary draft and the discussion with the bodies / organisations referred to in 4 above, an Exposure Draft will be prepared and published in the “Chartered Secretary”, the journal of ICSI, and also put on the Website of ICSI to elicit comments from members and the public at large.
7. The draft of the proposed Secretarial Standard will generally include the following basic points:
  - (a) Concepts and fundamental principles relating to the subject of the Standard;
  - (b) Definitions and explanations of terms used in the Standard;
  - (c) Objectives of issuing the Standard;
  - (d) Disclosure requirements; and
  - (e) Date from which the Standard will be effective.
8. After taking into consideration the comments received, the draft of the proposed Secretarial Standard will be finalised by SSB and submitted to the Council of ICSI.
9. The Council will consider the final draft of the proposed Secretarial Standard and finalise the same in consultation with SSB. The Secretarial Standard on the relevant subject will then be issued under the authority of the Council.

### **Compliance with Secretarial Standards**

Section 118 (10) of the Companies Act, 2013 introduces Secretarial Standards and provides statutory recognition to Standards issued by ICSI. It mandates observance by every company of the Secretarial Standard on Meetings of the Board of Directors (SS-1) and Secretarial Standard on General Meetings (SS-2) specified by ICSI and approved by the Central Government.

Under the Companies Act 2013, the responsibility of ensuring compliance is entrusted with the Company Secretary. Clause 205 prescribes the functions of the Company Secretary which *inter-alia* includes ensuring that the company complies with the applicable Secretarial Standards.

PCS conducting secretarial audit must also ensure compliance with applicable Secretarial Standards.