

[TO BE PUBLISHED IN THE GAZETTE OF INDIA, EXTRAORDINARY,
PART II, SECTION 3, SUB-SECTION (i)]

MINISTRY OF CORPORATE AFFAIRS
NOTIFICATION

New Delhi, the 22-October, 2019

G.S.R. (E).— In exercise of the powers conferred by section 134 read with section 469 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following rules further to amend the Companies (Accounts) Rules, 2014, namely:-

1. (1) These rules may be called the Companies (Accounts) Amendment Rules, 2019.

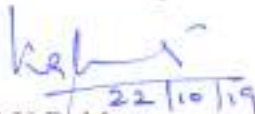
(2) They shall come into force with effect from the 1st day of December, 2019.

2. In the Companies (Accounts) Rules, 2014, in rule 8, in sub-rule (5), after clause (iii), the following clause shall be inserted namely:-

“(iiiia) a statement regarding opinion of the Board with regard to integrity, expertise and experience (including the proficiency) of the independent directors appointed during the year”.

Explanation.- For the purposes of this clause, the expression “proficiency” means the proficiency of the independent director as ascertained from the online proficiency self-assessment test conducted by the institute notified under sub-section (1) of section 150.

[F. No. 1/19/2013-CL-V-Part]


22/10/19

K.V.R. Murty,

Joint Secretary to the Govt. of India

Note: The principal notification was published in the Gazette of India vide No. G.S.R. 239(E), dated 31.03.2014 and was last amended vide notification number G.S.R. 725 (E) dated the 31st July, 2018.

[TO BE PUBLISHED IN THE GAZETTE OF INDIA, EXTRAORDINARY, PART II, SECTION 3, SUB-SECTION (i)]

Government of India
Ministry of Corporate Affairs
Notification

New Delhi, dated the 22 October, 2019

G.S.R. ___ (E). - In exercise of the powers conferred by section 149 read with section 469 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following rules further to amend the Companies (Appointment and Qualification of Directors) Rules, 2014, namely:-

1. (1) These rules may be called the Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2019.
- (2) They shall come into force with effect from the 1st day of December, 2019.
2. In the Companies (Appointment and Qualification of Directors) Rules, 2014 (hereinafter referred to as the principal rules), for rule 6, the following rule shall be substituted, namely: -

"6. Compliances required by a person eligible and willing to be appointed as an independent director.—(1) Every individual -

(a) who has been appointed as an independent director in a company, on the date of commencement of the Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2019, shall within a period of three months from such commencement; or

(b) who intends to get appointed as an independent director in a company after such commencement, shall before such appointment,

apply online to the institute for inclusion of his name in the data bank for a period of one year or five years or for his life-time, and from time to time

take steps as specified in sub-rule (2), till he continues to hold the office of an independent director in any company:

Provided that any individual, including an individual not having DIN, may voluntarily apply to the institute for inclusion of his name in the data bank.

(2) Every individual whose name has been so included in the data bank shall file an application for renewal for a further period of one year or five years or for his life-time, within a period of thirty days from the date of expiry of the period upto which the name of the individual was applied for inclusion in the data bank, failing which, the name of such individual shall stand removed from the data bank of the institute:

Provided that no application for renewal shall be filed by an individual who has paid life-time fees for inclusion of his name in the data bank.

(3) Every independent director shall submit a declaration of compliance of sub-rule (1) and sub-rule (2) to the Board, each time he submits the declaration required under sub-section (7) of section 149 of the Act.

(4) Every individual whose name is so included in the data bank under sub-rule (1) shall pass an online proficiency self-assessment test conducted by the institute within a period of one year from the date of inclusion of his name in the data bank, failing which, his name shall stand removed from the databank of the institute:

Provided that the individual who has served for a period of not less than ten years as on the date of inclusion of his name in the databank as director or key managerial personnel in a listed public company or in an unlisted public company having a paid-up share capital of rupees ten crore or more shall not be required to pass the online proficiency self-assessment test:

Provided further that for the purpose of calculation of the period of ten years referred to in the first proviso, any period during which an individual was acting as a director or as a key managerial personnel in two or more companies at the same time shall be counted only once.

Explanation: For the purposes of this rule,-

(a) the expression "institute" means the 'Indian Institute of Corporate Affairs at Manesar' notified under sub-section (1) of section 150 of the Companies Act, 2013 as the institute for the creation and maintenance of data bank of Independent Directors;

(b) an individual who has obtained a score of not less than sixty percent. in aggregate in the online proficiency self-assessment test shall be deemed to have passed such test;

(c) there shall be no limit on the number of attempts an individual may take for passing the online proficiency self-assessment test."

[F. No. 8/4/2018-CL-I- Part I]


(K.V.R. MURTY)

Joint Secretary to the Government of India

O/C

Note:—The principal rules were published in the Gazette of India, Extraordinary, Part II, Section 3, sub-section (i) *vide* notification number G.S.R. 259(E) dated the 31st March, 2014 and were last amended *vide* notification number G.S.R. 750 (E) dated the 30th September, 2019.

[To be published in the Gazette of India, Extra-ordinary, Part-II, Section 3, Sub-section (ii)]

MINISTRY OF CORPORATE AFFAIRS

NOTIFICATION

New Delhi, the 22 October, 2019

S.O. ___ (E).- In exercise of the powers conferred by sub-section (1) of section 150 of the Companies Act, 2013 (18 of 2013), the Central Government hereby notifies the Indian Institute of Corporate Affairs at Manesar (Haryana), as an institute to create and maintain a data bank containing names, addresses and qualifications of persons who are eligible and willing to act as independent directors, for the use of the company making the appointment of such directors.

2. This notification shall come into force with effect from the 1st day of December, 2019.

[F. No 8/4/2018-CL-I-Part-1]


(K.V.R. Murty)

Joint Secretary to the Government of India

O/C

[TO BE PUBLISHED IN THE GAZETTE OF INDIA, EXTRAORDINARY, PART II, SECTION 3, SUB-SECTION (i)]

Government of India
Ministry of Corporate Affairs
Notification

New Delhi, dated the 22 October, 2019

G.S.R. ___ (E). - In exercise of the powers conferred by section 150 read with section 469 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following rules, namely:-

1. Short Title and Commencement.— (1) These rules may be called the Companies (Creation and Maintenance of databank of Independent Directors) Rules, 2019.

(2) The provisions of these rules, other than rule 2 and 5, shall come into force with effect from the 1st day of December, 2019.

(3) The provisions of rule 2 and 5 shall come into force on the date of publication of this notification in the Official Gazette.

2. Definitions.— (1) In these rules, unless the context otherwise requires, —

(a) “Act” means the Companies Act, 2013 (18 of 2013);

(b) “institute” means the ‘Indian Institute of Corporate Affairs’ notified under sub-section (1) of section 150 of the Companies Act, 2013.

(2) Words and expressions used and not defined in these rules but defined in the Act shall have the same meanings as respectively assigned to them in the Act.

3. Creation and maintenance of data bank.— (1) The institute shall create and maintain a databank of persons willing and eligible to be appointed as independent directors, and such databank shall be an online databank which shall be placed on the website of the institute.

(2) The data bank referred to in sub-rule (1) shall contain the following details in respect of each person included in the data bank to be eligible and willing to be appointed as independent director-

- (a) DIN (Director Identification Number), if applicable;
- (b) Income Tax PAN;
- (c) the name and surname in full;
- (d) the father's name;
- (e) the date of Birth;
- (f) gender;
- (g) the nationality;
- (h) the occupation;
- (i) full Address with PIN Code (present and permanent);
- (j) phone number;
- (k) e-mail id;
- (l) the educational and professional qualifications;
- (m) experience or expertise, if any;
- (n) any pending criminal proceedings as specified in clause (d) of sub-section (1) of section 164;
- (o) the list of limited liability partnerships in which he is or was a designated partner along with -
 - (i) the name of the limited liability partnership;
 - (ii) the nature of industry; and
 - (iii) the duration- with dates;
- (p) the list of companies in which he is or was director along with -
 - (i) the name of the company;
 - (ii) the nature of industry;
 - (iii) the nature of directorship - Executive or Non-executive or Managing Director or Independent Director or Nominee Director; and

(iv) duration - with dates.

(3) The information available in the data bank shall be provided only to companies required to appoint independent director after paying a reasonable fees to the institute.

(4) A person whose name is included in the data bank, may restrict his personal information to the institute, to be disclosed in the data bank.

(5) Any individual whose name appears in the data bank, shall make changes in his particulars within thirty days of such change through web based framework made available by the institute for this purpose.

(6) A disclaimer shall be conspicuously displayed on the website hosting the data bank that a company must carry out its own due diligence before appointment of any person as an independent director.

(7) The institute, shall with the prior approval of the Central Government, fix a reasonable fee to be charged from :-

(a) individuals for inclusion of their names in the data bank of independent directors; and

(b) companies for providing the information on independent directors available on the data bank.

Explanation:- For the purpose of this rule, the expression "persons willing and eligible to be appointed as independent director" shall include individuals already serving as independent directors on the Board of companies.

4. Duties of the institute.— (1) The institute shall comply with the following, in respect of individuals referred to in sub-rule (1) of rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014 , namely:-

(a) conduct an online proficiency self-assessment test covering companies law, securities law, basic accountancy, and such other areas relevant to the functioning of an individual acting as an independent director;

(b) prepare a basic study material, online lessons, including audio-visuals for easy reference of individuals taking the online proficiency self-assessment test.

(c) provide an option for individuals to take advanced tests in the areas specified in clause (a) and prepare the necessary advanced study material in this respect;

Provided that no separate fees shall be charged by the institute in respect of clauses (a), (b) and (c).

(2) The institute shall daily, share with the Central Government, a cumulative list of all individuals -

(a) whose names have been included in the data bank along with the date of inclusion and their Income Tax PAN or Passport number in case of foreign director (not required to have Income-Tax PAN);

(b) whose applications for inclusion in the data bank have been rejected along with grounds and the dates of such rejection; and

(c) whose names have been removed from the data bank along with grounds and the dates of such removal.

5. Panel.— (1) There shall be a panel of not more than ten members nominated by the Central Government, for the purpose of approving the outline of the courses and study material prepared by the institute.

(2) Panel referred to in sub-rule (1) shall consist of:-

(a) Secretary, Ministry of Corporate Affairs or his nominee;

(b) Director General and Chief Executive Officer of the institute or his nominee;

(c) one member nominated by the Department of Economic Affairs;

(d) one member nominated by the Department of Public Enterprises;

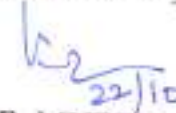
(e) one member nominated by the Securities and Exchange Board of India;

(f) at-least one representative from the stock exchange nominated by the Central Government;

(g) at-least one representative from the industry nominated by the Central Government; and

(h) at-least one representative from the academia nominated by the Central Government.

[F. No. 8/4/2018-CL-I]


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(K.V.R. MURTY),

Joint Secretary to the Government of India

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