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Some important changes happened in the Corporate and Legal world in the month of July 2019:

1. Amendments in the Companies (Appointment and Qualification of Directors) Rules, 2014

MCA vide notification dated 25th July, 2019 has granted powers to Central Government to amend the Companies (Appointment and Qualification of Directors) Rules, 2014.

- a) These rules may be called the Companies (Appointment and Qualification of Directors) Third Amendment Rules, 2019. They shall come into force on the date of their publication in Official Gazette.
- b) The following changes have taken place in Rule 11 which refers to de-activation of Directors Identification Number (DIN) and Rule 12A which refers to Directors KYC

~ Words "web service DIR-3-KYC-WEB" shall be added to Rule 11.

~the words "who has been allotted", shall be substituted by the words "who holds".

~ Earlier Form DIR3 KYC was to be submitted to the Central Government on or before 30th June of immediate next financial year but now after this notification it has to be submitted on or before 30th September of immediate next financial year.

~ Every individual who holds DIN and is filing his/her KYC details for the first time or by the DIN holder who has already filed his KYC once in form DIR3 KYC but wants to update his details, then that DIN holder has to file Form DIR3 KYC WEB.

Impact: Every director who holds a valid DIN has to get his DIN KYC done every year by 30th September of the next Financial Year.

2. Amendment to the Companies (Registration Offices and Fees) Rules, 2014

MCA vide circular dated 25th July, 2019 has issued an amendment for the Companies (Registration Offices and Fees) Rules, 2014:

- a) These rules may be called the Companies (Registration Offices and Fees) Fourth Amendment Rules, 2019. They shall come into force on the date of their publication in the Official Gazette.



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- b) The fee for filing DIR 3 KYC OR DIR 3 KYC WEB is NIL till 30th September, 2019 for the previous financial year. If the KYC is done after 30th September, 2019, the fee charged will be Rs. 5000.

Impact: It is another routine compliance introduced.

3. Introduction of Companies (Significant Beneficial Owners) Amendment Rules, 2019.

Ministry of Corporate affairs (MCA) vide Notification dated 1st July, 2019 has given powers to Central Government for introducing Companies (Significant Beneficial Owners) Second Amendment Rules, 2019. They shall come into force on the date of their publication in the Official Gazette.

Significant Beneficial Owners means every individual **holding 10% or more** shares/voting rights/dividend or exercises any right of significant influence or control in a company is required to disclose necessary details to the Company by way of disclosure in specified **Form BEN - 1**.

Important Forms

- FORM BEN1 :Declaration by Significant Beneficial Owner to the Reporting Company about his/her holding in the company.
- FORM BEN2 :Filing Return of Significant Beneficial Owner with Registrar within 30 days of Declaration in FORM BEN1.
- FORM BEN3 :Register of Significant Beneficial Owner to be maintained by the Company.
- FORM BEN4 :Notice to Members by the company seeking information holding **10% or more** of its shares or voting rights or right to receive or participate in dividend or any other distribution payable in a financial year.

Impact: It has led to identification of person or persons having ultimate holding over the company.



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We suggest readers to draw their conclusions after taking into consideration various other relevant sections, rules to be notified from time to time and applicable Secretarial Standards, Accounting Standards and Guidance notes and other notifications, circulars and amendments notified from time to time.

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