<u>The Company Secretaries (Amendment) Bill, 2010</u>

Both the *Houses of Parliament, i.e., Rajya Sabha (on December 12, 2011) and Lok Sabha (on December 19, 2011) have passed the Company Secretaries (Amendment) Bill, 2010 which is awaiting assent of the Hon'ble President of India.*

The Company Secretaries (Amendment) Bill, 2010 proposes to amend the Company Secretaries Act, 1980 to apply certain provisions of the Limited Liability Partnership Act, 2008 to the Company Secretaries Act, 1980 in order to allow the members of the professional Institute governed by the Company Secretaries Act, 1980 to form the limited liability partnership and insert new definitions of `firm', `partner', `partnership' and `sole proprietorship' for the said purpose. It will enable the members of the CS Institute to form LLPs and take benefits of provisions of the LLP Act. This will also enlarge the spectrum of the services provided by members of the CS Institute and will also ensure the competitiveness of the members of the Institute.

The Company Secretaries (Amendment) Bill, 2010 was introduced in the Rajya Sabha on 28th April, 2010 and referred to the Standing Committee on Finance by the Speaker of the Lok Sabha on 4th May, 2010 for examination and report thereon. The Committee vide its report dated 26th August, 2010 expressed agreement with the Amendment proposal of the Bill and recommended the same for consideration.

The Company Secretaries (Amendment) Bill, 2010 was discussed and passed in Rajya Sabha on 12th December, 2011 and introduced and passed by Lok Sabha on 19th December, 2011 along with the Chartered Accountants (Amendment) Bill, 2010 and Cost and Works Accountants (Amendment) Bill, 2010.

The amendments proposed in the Company Secretaries (Amendment) Bill, 2010 are as under:-

1. Amendment to section 2 (2) of the Principal Act (the Company Secretaries Act, 1980) to insert in sub-section (1) after clause (f), clauses (fa) (gb) (gc) and (jj) to define the terms firm, partner, partnership and sole proprietorship as per details given below:-

`(fa) `firm' shall have the meaning assigned to it in section 4 of the Indian Partnership Act, 1932, and includes, –

(i) The limited liability partnership as defined in clause (n) of sub-section (1) of section 2 of the Limited Liability Partnership Act, 2008; or

(ii) The sole proprietorship, registered with the Institute;'

`(gb) `partner' shall have the meaning assigned to it in section 4 of the Indian Partnership Act, 1932 or in clause (q) of sub-section (1) of section 2 of the Limited Liability Partnership Act, 2008, as the case may be;'

`(gc) `partnership' means –

(A) a partnership as defined in section 4 of the Indian Partnership Act, 1932; or
(B) a limited liability partnership which has no company as its partner;'

`(jj) `sole proprietorship' means an individual who engages himself in the practice of the profession of the Company Secretaries or offers to perform services referred to in clauses (b) to (f) of sub-section (2);'

2. Amendment to Section 26 to add explanation to section 26 of the Act to clarify that the company includes any limited liability partnership having company as its partner as under:-

"Explanation – For the removal of doubts, it is hereby declared that the `company' shall include any limited liability partnership which has company as its partner for the purposes of this section."

The Bill will become an Act on receipt of assent of the President.