CHRONICLE ADVISORS LLP

The Companies (Management and Administration) Amendments Rules 2016

LIST OF RULES WHICH HAVE BEEN AMENDED:

Rule 3	**Register of Members**
Rule 9	**Declaration in respect of beneficial interest in any shares**
Rule 13	**Return of changes in Shareholding position of promoters and top ten shareholders.**
Rule 17	**Calling of extra ordinary general meeting by requisitionists**
Rule 20	**Voting through electronic means**
Rule 22	**Procedure to be followed for conducting business through Postal Ballot**
Rule 25	**Minutes of proceedings of general meeting, meeting of Board of Directors and other meetings and resolution passed by postal ballot.**

G.S.R. 908(E).-In exercise of the powers conferred by sub-sections (1) and (2) of Section 469 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following rules further to amend the Companies (Management and Administration) Rules, 2014, namely:-

1. (1) These rules may be called the Companies (Management and Administration) Amendment Rules, 2016. (2) They shall come into force on the date of their publication in the Official Gazette.

2. In the Companies (Management and Administration) Rules, 2014 (hereafter referred to as principal rules), in rule 3,-

(a) in sub-rule (1), for the proviso, the following proviso shall be substituted, namely:-

"Provided that in the case of a company existing on the commencement of the Act, the particulars as available in the register of members maintained under the Companies Act, 1956 shall be transferred to the new register of members in Form No.MGT-1 and in case additional information, required as per provisions of the Act and these rules, is provided by the members, such information may also be added in the register as and when provided.";

Key Takeaway

The Company limited by share shall transfer all the information of members in new register of members in MGT1 from the old register maintained under Companies Act 1956 and also any information of member will also be updated in MGT 1.

(b) in sub-rule (2), for the proviso, the following proviso shall be substituted, namely:-

"Provided that in the case of a company existing on the date of commencement of the Act, the particulars as available in the register of members maintained under the Companies Act, 1956 shall be transferred to the new register of members in Form No.MGT-1 and in case additional information, required as per provisions of the Act and these rules, is provided by the members, such information may also be added in the register as and when provided.".

Key Takeaway

The Company not having share capital shall transfer all the information of members in new register of members in MGT1 from the old register maintained under Companies Act 1956 and also any information of member will also be updated in MGT 1.

3. In the principal rules, in rule 9,-

(a) in sub-rule (1), the words "in duplicate" at both places where they occur, shall be omitted.

(b) in sub-rule (2, the words "in duplicate"), at both places where they occur, shall be omitted.

Key Takeaway

Rule 9(1): Earlier the declaration in respect of beneficial interest in any shares required to be filed in MGT 4 in **duplicate** but now only **one copy** need to be filed

Rule 9(2): Earlier the declaration in respect of beneficial interest in any shares required to be filed in MGT 5 in **duplicate** but now only **one copy** need to be filed

4. In the principal rules, for rule 13 the following rule shall be substituted, namely:-

"13. Every listed company shall file with the Registrar, a return in Form No. MGT- 10, with respect to changes in the shareholding position of promoters and top ten shareholders of the company, in each case, representing increase or decrease by two per cent or more of the paid-up share capital of the company, within fifteen days of such change.".

Key Takeaway

"Every listed company shall file with the Registrar, a return in **Form No. MGT-10**, with respect to changes in the shareholding position of promoters and top ten shareholders of the company, in each case, representing increase or decrease by two percent or more of the **paid-up share capital** of the company, within fifteen days of such change." **(earlier increase or decrease was calculated on individual shareholding of promoter and top ten shareholder)**

5. In the principal rules, in rule 17, in sub-section (2), in the Explanation, for the words "on working day", the words "on any day except national holiday" shall be substituted.

Key Takeaway

"On working day" is replaced by **"on any day except national holiday".** This means that EGM can be called by requisitionists on any day except National holiday.

6. In the principal rules, in rule 20, for sub-rule (2), the following sub-rule shall be substituted, namely:-

"(2) Every company which has listed its equity shares on a recognised stock exchange and every company having not less than one thousand members shall provide to its members facility to exercise their right to vote on resolutions proposed to be considered at a general meeting by electronic means:

Provided that a Nidhi, or an enterprise or institutional investor referred to in Chapter XB or Chapter XC of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 is not required to provide the facility to vote by electronic means:

Explanation.- For the purpose of this sub-rule, "Nidhi" means a company which has been incorporated as a Nidhi with the object of cultivating the habit of thrift and savings amongst its members, receiving deposits from and lending to, its members only, for their mutual benefit, and which complies with such rules as are prescribed by the Central Government for regulation of such class of companies.".

Key Takeaway

Every company which has listed its equity shares on a recognized stock exchange and every company having not less than one thousand members shall provide to its members facility to exercise their right to vote on resolutions proposed to be considered a general meeting by electronic means

- **This means that company should be listed and have 1000 or more members then the members have facility to vote electronically (Earlier it was Listed Company or Company having 1000 or more members)**
- **The Nidhi Company has been exempted from the mandatory requirement of e-voting.**

7. In the principal rules, in rule 22, sub-rule (7) and sub-rule (14) shall be omitted.

Key Takeaway

Secretarial Standard SS-2:

16.6.3 The Resolution, if passed by requisite majority, shall be deemed to have been passed on the last date specified by the company for receipt of duly completed postal ballot forms or e-voting.

- **Rule 22(7) and Rule 22(14) has been omitted to align with Secretarial Standard SS-2**

8. In the principal rules, in rule 25, in sub-rule (1), in clause (e), the words "or such other place as may be approved by the Board" shall be omitted.

Key Takeaway

After the amended rules the Minutes of the general meeting shall be kept at the registered office of the Company only not at any other place as approved by board.

9. In the principal rules, for Form No. MGT-6, the following Form, shall be substituted, namely:-

Form MGT 6 has been substituted

Who we are?

Chronicle Advisors is a single window solution that provides a spectrum of services to its clients in a qualitative manner and is well known for its expertise in Secretarial, Corporate Restructuring, Legal, FEMA, IPR, Securities Market, Taxation (Direct & Indirect). We provide one stop solutions for all your corporate compliances and consultancies.

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