

# INDIA LEGAL UPDATE

December 7, 2023

## Designated person to provide Beneficial Interest Information

<b>Notification Date:</b>
October 27, 2023
<b>Effective Date:</b>
October 27, 2023
<b>Legal Framework:</b>
Companies Act, 2013 Companies (Management and Administration) Rules, 2014
<b>Government Authority:</b>
Ministry of Corporate Affairs (MCA)
<b>Weblink:</b>
<a href="#">MCA Notification</a>

### LEGAL UPDATE

**Background:** The primary responsibility of the declaration of beneficial interest lies on the person holding such beneficial interest. In order to assign responsibility to one or more persons to ensure compliance with these provisions. The scope of Rule 9 is expanded to ensure that every company must designate a person responsible for providing information to the Registrar or any authorised officer regarding *beneficial interests in the company's shares*.

**Who can be a designated person?** A company may designate a company secretary (CS), a Key Managerial Personnel (KMP) other than the CS, or every director, if there is no CS or KMP, as a person responsible for this purpose.

**Deemed Designation:** Until a person is officially designated, certain individuals, such as the company secretary, Managing Director, or Manager, are deemed to have been designated.

**Disclosure of Details:** The details of the designated person shall be disclosed in the Annual Return. Since these provisions are applicable from October 27, 2023, the disclosure should be applicable for the Annual return filed for FY 2023-2024 and onwards.

**Change in Designated Person:** Further, in case there is any change in the designated person at any time, it shall be intimated to the ROC in e-form GNL-2.

This rule offers flexibility in choosing the designated person, responsible for ensuring compliance of disclosure of beneficial interest in shares of the company. This amendment would act as a "single point assistance" to the authorities in their inspection of companies with respect to compliance with the declaration of beneficial interest. Annual disclosure of Designated Person in the Annual Return and a mechanism for reporting of change therein would ensure that Company must have a designated person all time for providing information on Beneficial interest holder of the company..

## Queries?

If you have any queries about this article, please reach out to our experts:

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