

## Centralized approval of ROC Forms

(05<sup>th</sup> February 2024)

*“In business, precision in company law forms is the bedrock of legal compliance and corporate credibility of reality.”*

### **SHORT SUMMARY:**

MCA has issued a notification on 02<sup>nd</sup> February 2024. Notification is relating to **Central Processing Center**. This seems aimed to free up capacity at the offices of Regional Directors and Registrar of Companies to deal with governance, penalty, scrutiny matters.

The ministry has launched the fourth center to focus on specific areas of filing non-straight through process or non-STP forms. List is as follows:

- i. **CRC (Central Registration Centre):** For incorporation-related matters.
- ii. **CSC (Central Scrutiny Centre):** For the scrutiny of Straight Through Process (STP) forms.
- iii. **C-PACE (Centralized Processing for Accelerated Companies Exit):** For closure/strike off of companies.
- iv. **CPC (Central Processing Centre):** For processing of various e-forms.

### **KEY TAKE AWAY FROM NOTIFICATION:**

**Processing and Disposal of E-Forms:** According to the Companies (Registration of Offices and Fees) Rules, 2014, the Central Processing Centre is obligated to process and dispose of electronic forms that are submitted when they are accompanied by the specified fee.

**Jurisdictional Impact:** While the Central Processing Centre is in charge of electronic forms, the jurisdictional Registrars (with the exception of the Registrar of the Central Processing Centre) will continue to have authority over companies in regard to all other provisions of the Companies Act, 2013, as well as the rules contained within it.

**Effective Date:** The notification is set to come into effect from the 6th of February 2024, signifying a shift in the processing dynamics of e-forms.

### **Purpose of New Department:**

#### **Increase Scrutiny?**

owing to the fact that the responsibility of the Registrar of Companies has been relocated to the CPC by means of this announcement. It's possible that the ROC will shift their attention to the monitoring of companies' compliances. Due to this, they will have a strong focus on being scrutinized.

#### **Increase in Adjudication Matters?**

Over the course of the two most recent years, we have witnessed an increase in the number of adjudication orders and penalties. As a result of this change, the load that the ROC has to bear in respect to the review of electronic forms will be reduced. It's possible that the ROC may raise the number of adjudication orders and put more of their attention on monitoring whether companies are complying with the law.

From this point forward, the company ought to exercise increased caution regarding compliance in order to avoid incurring penalties.

#### **Same SOP for all forms?**

Now that the CPC has taken over all of the non-STP forms, it will be easier to develop a standard operating procedure (SOP) that is comparable for all of the forms across the country. Earlier, there was a problem associated with the fact that various ROCs held varying perspectives regarding the law,

compliance, and process. Now, that will be simplified, and it will be used in a manner that is comparable across all of the states. At this point, all forms are to be approved, resubmitted, or rejected based on the same lines and interpretation. Professionals will be able to guide companies across the country on similar grounds with the use of this information.

**Conclusion:**

Establishing the Standard Operating Procedure (SOP) and developing Corporate Governance in the country is a commendable initiative on the part of the Ministry of Corporate Affairs. Now, the ROC ought to place a greater emphasis on the checking of compliances, the vetting of applications, and the issuance of notices to companies that are not complying with the terms of the Act.

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