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PRIOR APPROVAL OF RBI FOR ACQUISITION OF SHARES OR VOTING RIGHTS IN PRIVATE SECTOR BANKS

The Reserve Bank of India (RBI) has issued a notification with Reference No. DBR.PSBD.No.56/16.13.100/2015-16 dated November 19, 2015 for Prior Approval for acquisition of shares or voting rights in Private Sector Banks, Directions, 2015



- These Directions shall be called the Reserve Bank of India (Prior approval for acquisition of shares or voting rights in private sector banks) Directions, 2015
- These directions shall come into effect on the day these are placed on the official website of the Reserve Bank of India.
- The provisions of these Directions shall apply to the existing and proposed “major shareholders” of the Private Sector Banks and all Private Sector Banks including Local Area Banks, licensed to operate in India by Reserve Bank of India
- After the applicability of the directions Every person who intends to make an acquisition / make an agreement for acquisition which will / is likely to take the aggregate holding of such person together with shares / voting rights / compulsorily convertible debentures / bonds held by him, his relatives, associate enterprises and persons acting in concert with him, to 5 per cent or more of the paid-up share capital of the concerned bank or entitles him to exercise 5 per cent or more of the total voting rights of the concerned bank, shall seek

prior approval of the Reserve Bank in the manner specified shall be obtained

THE COMPANIES (SHARE CAPITAL AND DEBENTURES) THIRD AMENDMENT RULES, 2015

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 (Share Capital and Debenture) Rules, 2014, namely:-



1. In the Companies (Share Capital and Debenture) Rule, 2014,
 - (i) In rule 18, sub rule (1), in clause (a) for sub-clause (iii) following sub clauses shall be substituted namely:-
 - iii) Infrastructure Debt Fund Non-Banking Financial Companies as defined in clause (b) of direction 3 of Infrastructure Debt Fund Non-Banking Financial Companies (Reserve Bank) Directions, 2011;
 - iv) Companies permitted by Ministry or Department of the Central Government or by Reserve Bank of India or by the National Housing Bank or by any other statutory authority to issue debentures for a period exceeding ten years.

COMPANIES (MANAGEMENT AND ADMINISTRATION) THIRD AMENDMENT RULES, 2015



The Ministry of Corporate Affairs has issued a notification dated 16th November, 2015 which states that in exercise of powers conferred by sub sections (2) and (3) of Section 92 read with 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:-

In the Companies (Management and Administration) rules, 2014, for Form MGT 7 new form MGT 7 has been substituted.

ONLINE RETURNS TO BE SUBMITTED BY NBFC'S REVISED



- The Reserve Bank of India (RBI) has issued a notification with reference no. RBI/2014-15/246 dated November 26, 2015 for online returns to be submitted by NBFC's.
- It has been decided to rationalize the return's to be submitted online through COSMOS as below:
 - i) Change in periodicity of NDSI-500cr and ALM-1 returns from monthly to quarterly.

- ii) Discontinuation of NBS-6 return as the same information is received through NBS-1 return.
- It has been noticed that some of the NBFC's are not submitting correct branch information return as per the guidelines DNBS (PD).CC.No.355/03.02.02/2013-14 dated September 3, 2013. To maintain uniformity and avoid misunderstanding, it has been decided that the concerned NBFCs should report the stock data of branches as at end of every quarter rather than providing incremental number of branches during the quarter.

NON-OPERATIVE FINANCIAL HOLDING COMPANY (NOFHC)- APPLICATION OF CAPITAL ADEQUACY NORMS

RBI has issued a notification with reference no. DBR.No.BP.BC.57/ 21.06.201/2015-16 dated November 19, 2015 for Non Operative Financial Holding Company (NOFHC)- Application of Capital Adequacy Norms:-



- The guidelines inter alia require setting up of wholly owned Non- Operative Financial Holding Company (NOFHC) by eligible entities/groups in the private sector for carrying out business of banking and other permissible financial activities. Further, in terms of para 2H of the guidelines, capital adequacy norms would be applied to the NOFHC on consolidated basis as applicable to the existing banking groups.

- In this context it is clarified that consolidated (Group) level capital adequacy would also mean application of consolidated capital adequacy norm to the NOFHC after consolidating the relevant entities held by it in terms of paragraph 3: Scope of Application of Capital Adequacy Framework of the Master Circular on Basel III Capital Regulations issued vide circular DBOD.No.BP.BC.6/21.06.2014-15 dated July 1, 2014, in conjunction with the Guidelines for consolidated accounting and other quantitative methods to facilitate consolidated supervision issued vide circular dated DBOD.No. BP.BC.72 /21.04.018/2001-02 dated February 25, 2003.

INVESTOR GRIEVANCE REDRESSAL SYSTEM AND ARBITRATION MECHANISM

The Securities and Exchange Board of India (SEBI) has issued a circular CIR/CDMRD/DIECE/02/2015 dated November 16, 2015 for Investor Grievance Redressal System and Arbitration Mechanism in which:



- Pursuant to Section 131 of the Finance Act, 2015 and Central Government notification F.No. 1/9/SM/2015 dated August 28, 2015, all recognized associations under the Forward Contracts (Regulation) Act, 1952 are deemed to be recognized stock exchanges under the Securities Contracts (Regulation) Act, 1956 with effect from September 28, 2015. This

circular applies to National Commodity Derivatives Exchanges as defined in the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) (Amendment) Regulations, 2015.

- The circular is issued with an objective to streamline and strengthen the framework of investor redressal and arbitration mechanism at commodity derivatives exchanges in line with the securities market. The provisions of this circulars are as under :

A. Investor Service Centre(ISC)/ Investor Grievances Redressal Committee (IGRC) :

- i) The national commodity derivative exchanges shall set up investor service centers (ISC) for the benefit of the public/ investors in accordance with the circular CIR/MRD/ DSA/03/2012 dated January 20, 2012.
- ii) The national commodity derivatives exchanges shall constitute IGRC in accordance with the SEBI circular no CIR/MRD/ DSA/03/2012 dated January 20, 2012 and shall perform all such functions and responsibilities as stated in the SEBI circular no CIR/MRD/ICC/30/2013 dated September 26, 2013.

B. Arbitration Committee / Panel and Appellate Arbitration:

- i) The national commodity derivatives exchanges shall maintain panel of arbitrators, code of conduct for arbitrators, arbitration process, appellate arbitration, place of arbitration (nearest address provided by the client in the KYC form), implementation of arbitration award in favour of clients, records and disclosures as per the provisions of SEBI Circulars

no. CIR/MRD/DSA/24/2010 dated August 11, 2010, CIR/ MRD/ DSA/04/2012 date January 20, 2012 and CIR/MRD/ICC/ 20/2013 dated July 05, 2013.

ii) The national commodity derivatives exchanges shall make applicable the arbitration fees to each parties to the arbitration in accordance with the SEBI Circular No CIR/MRD/DSA/29/2010 dated August 31, 2010 read with CIR/MRD/ICC/29/2012 dated November 07, 2012 and CIR/MRD/ICC/29/2013 dated September 26, 2013.

C. Automatic Process and Common Pool of arbitrators

i) The national commodity derivatives exchanges shall pool all arbitrators of their exchange in the common pool across all national commodity derivatives exchanges, facilitate automatic selection of arbitrators from the common pool and shall also follow all other provisions mentioned in the SEBI Circular CIR/MRD/ICC/8/2013 dated March 18, 2013.

- All the provisions of this circular shall be implemented by national commodity derivatives exchanges latest by April 1, 2016, unless otherwise approved by SEBI.
- The norms specified by Forward Markets Commission shall continue to be in force to the extent not modified or repealed by this circular.
- The implementation of this circular should be reported by the national commodity derivatives exchange to SEBI on monthly basis.
- The national commodity derivatives exchanges are advised to:-
 - i) make necessary amendments to relevant bye-laws for the implementation of this circular

- ii) bring the provisions of this circular to the notice of the members of the commodity derivatives exchanges and also to disseminate the same through their website
- iii) take necessary steps to make investors aware of the grievances redressal mechanism and arbitration process.
- iv) communicate SEBI, the status of implementation of the provisions of this circular

- The circular is issued in exercise of the powers conferred under section 11(1) of the Securities and Exchange Board of India Act, 1992, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

STREAMLINING THE PROCESS OF PUBLIC ISSUE OF EQUITY SHARES AND CONVERTIBLES

The Securities and Exchange Board of India has issued a circular CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 in Streamlining the Process of Public Issue of Equity Shares and Convertibles.



1. As a part of the continuing endeavor to streamline the process of public issue of equity shares and convertibles, it has been decided, in consultation with the market participants – (i) to reduce the time taken for listing after the closure of issue to 6 working days as against the

present requirement of 12 working days, and (ii) to broad-base the reach of investors by substantially enhancing the points for submission of applications.

In this regard, necessary amendments to the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 have already been notified.

2. The operational details to implement the above are outlined below:
 - 2.1 All the investors applying in a public issue shall use only Application Supported by Blocked Amount (ASBA) facility for making payment i.e. just writing their bank account numbers and authorizing the banks to make payment in case of allotment by signing the application forms, thus obviating the need of writing the cheques.
 - 2.2 In addition to the Self Certified Syndicate Banks (SCSBs), Syndicate Members and Registered Brokers of Stock Exchanges, the Registrars to an Issue and Share Transfer Agents (RTAs) and Depository Participants (DPs) registered with SEBI are now permitted to accept application forms (both physical as well as online) in public issues.
 - 2.3 The RTAs and DPs shall provide their contact details, where the application forms shall be collected by them, to the recognized stock exchanges by November 30, 2015 as per the format specified at Annexure-A and the same shall be disclosed by the stock exchanges on their websites. RTAs and DPs shall regularly update the said details by furnishing current information to the stock exchanges which shall be disclosed by the stock exchanges.

- 2.4 Intermediaries accepting the application forms shall be responsible for uploading the bid along with other relevant details in application forms on the electronic bidding system of stock exchange(s) and submitting the form to SCSBs for blocking of funds (except in case of SCSBs, where blocking of funds will be done by respective SCSBs only). They shall undertake the various activities in accordance with indicative timelines as specified in this circular.
- 2.5 All applications shall be stamped and thereby acknowledged by the intermediary at the time of receipt.
- 2.6 Similar to the systems prevalent in case of secondary market transactions, the stock exchanges shall develop the systems to facilitate the investors to view the status of their public issue applications on their websites and sending the details of applications and allotments through SMS and E-mail alerts to the investors.
- 2.7 The revised indicative timelines for various activities are specified at Annexure B to this circular.
- 2.8 All intermediaries shall co-ordinate with one another to ensure completion of listing of shares and commencement of trading by T+6.
- 2.9 Amount of commission payable to RTA / DP shall be determined on the basis of applications which have been considered eligible for the purpose of allotment. In order to determine to which RTA / DP the commission is payable to, the terminal from which the bid has been uploaded will be taken into account.

2.10 The details of commission and processing fees payable to each intermediary and the timelines for payment shall be disclosed in the offer document and this shall be implemented strictly.

- The intermediaries shall provide guidance to their investors on making applications in public issues.
- The merchant bankers shall ensure that appropriate disclosures are made in offer documents in accordance with this circular
- All intermediaries are advised to take necessary steps to ensure compliance with this circular.
- The responsibilities of various intermediaries and indicative timelines, prescribed vide the following circulars, shall stand modified to the extent stated under this circular:
 - i) SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009;
 - ii) CIR/CFD/DIL/2/2010 dated April 06, 2010;
 - iii) CIR/CFD/DIL/3/2010 dated April 22, 2010
 - iv) CIR/CFD/DIL/7/2010 dated July 13, 2010
 - v) CIR/CFD/DIL/8/2010 dated October 12, 2010
 - vi) CIR/CFD/DIL/1/2011 dated April 29, 2011
 - vii) CIR/CFD/DIL/2/2011 dated May 16, 2011
 - viii) CIR/CFD/DIL/12/2012 dated September 13, 2012
 - ix) CIR/CFD/DIL/13/2012 dated September 25, 2012
 - x) CIR/CFD/14/2012 dated October 04, 2012
 - xi) CIR/CFD/DIL/1/2013 dated January 02, 2013
 - xii) CIR/CFD/DIL/4/2013 dated January 23, 2013
- This circular shall be applicable for all public issues opening on or after January 01, 2016.

- This circular is being issued in exercise of the powers under section 11 read with section 11A of the Securities and Exchange Board of India Act, 1992.

EXTENSION OF TIME FOR FILING OF FORMS MGT 7 (ANNUAL RETURN) AND AOC 4 (FINANCIAL STATEMENT) UNDER THE COMPANIES ACT, 2013

The Ministry of Corporate Affairs has vide General Circular No. 15/2015 dated 30TH November, 2015 extended the last date for filing of Form MGT 7, AOC 4 (CFS) and AOC 4 (XBRL and Non XBRL) without any penalty/late fee.

VERENDRA KALRA & CO

CHARTERED ACCOUNTANTS

CONTACT DETAILS:

Head Office

75/7 Rajpur Road, Dehradun

T +91.135.2743283, 2747084, 2742026

F +91.135.2740186

E info@vkalra.com

W www.vkalra.com

Branch Office

80/28 Malviya Nagar, New Delhi

E info@vkalra.com

W www.vkalra.com

For any further assistance contact our team at

kmt@vkalra.com

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