



DNBR (PD) CC.No. /03.10.001/2014-15

March, 2015

All NBFCs (excluding Primary Dealers)

Dear Sirs,

**DRAFT FOR PUBLIC COMMENTS**

**Requirement for obtaining prior approval of RBI in cases of acquisition/ transfer of control of NBFCs**

Please refer to [DNBS \(PD\) CC.No.376/03.10.001/2013-14](#) and [Notification No. DNBS\(PD\) 275/ GM\(AM\)-2014 dated May 26, 2014](#) on the 'Non-Banking Financial Companies (Approval of Acquisition or Transfer of Control) Directions, 2014'. Reserve Bank has recently reviewed the directions based on the representations received from the industry and it has been decided to revise the said directions as detailed below.

**2. Requirement of prior approval of Reserve Bank-**

- (i) The prior written permission of the Reserve Bank shall be required for
- any takeover or acquisition of control of an NBFC, which may or may not result in change of management;
  - any change in the shareholding of an NBFC which would result in acquisition/ transfer of shareholding of 26 per cent or more of the paid up equity capital of the NBFC;
  - any change in the management of the NBFC which would result in change in more than 30 per cent of the directors.
- (ii) Notwithstanding clause (i), NBFCs shall continue to inform the Reserve Bank regarding any change in its directors/ management as required in Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential

गैर बैंकिंग विनियमन विभाग, केंद्रीय कार्यालय, 2री मंजिल, सेन्टर I, वर्ल्ड ट्रेड सेंटर, कफ परेड, मुंबई-400 005  
फोन:22182526, फैक्स:22162768 ई-मेल:dnbs@rbi.org.in

Department of Non Banking Regulation, Central Office, 2<sup>nd</sup> Floor, Centre I, WTC, Cuffe Parade, Mumbai 400 005  
Tel No:22182526, Fax No:22162768 Email :dnbs@rbi.org.in

हिन्दी आसान है, इसका प्रयोग बढ़ाइए

Norms (Reserve Bank) Directions, 2007 and Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

### **3. Application for prior approval:**

(i) NBFCs shall submit an application for obtaining prior approval of the Bank under paragraph 2, along with the following documents:

- a) Information about the proposed directors/ shareholders as per the Annex;
- b) Sources of funds of the proposed shareholders acquiring the shares of the NBFCs;
- c) Declaration by the proposed directors/ shareholders that they are not associated with any unincorporated body that is accepting deposits;
- d) Declaration by the proposed directors/ shareholders that they are not associated with any NBFC, the application for CoR of which has been rejected by the Reserve Bank;
- e) Declaration by the proposed directors/ shareholders that there is no criminal case, including for offence under section 138 of the Negotiable Instruments Act, against them;
- f) Bankers Report of the proposed directors/ shareholders.

(ii) Applications in this regard may be submitted to the Regional Office of the Department of Non-Banking Supervision in whose jurisdiction the Registered Office of the NBFC is located.

### **4. Base Date of Reference**

The base date of reference shall be either-

- i. The position of the shareholding pattern and the management as at the time of registration or,
- ii. The position of the shareholding pattern and the management at the time of the last change approved by the Reserve Bank, whichever is later.

### **5. Requirement of Prior Public Notice about change in control/ management**

i. A public notice of at least 30 days shall be given before effecting the sale of, or transfer of the ownership by sale of shares, or transfer of control, whether with or without sale of shares. Such public notice shall be given by the NBFCs and also by the other party or jointly by the parties concerned, after obtaining the prior permission of the Reserve Bank.

ii. The public notice shall indicate the intention to sell or transfer ownership/ control, the particulars of transferee and the reasons for such sale or transfer of ownership/ control. The notice shall be published in one leading national and another in leading local (covering the place of registered office) vernacular language newspaper.

6. Any transfer of shares in violation of the notification would result in adverse regulatory action including cancellation of Certificate of Registration.

Yours faithfully,

(C D Srinivasan)  
Chief General Manager

**ANNEX**

**INFORMATION ABOUT THE PROMOTERS, CHAIRMAN, MANAGING DIRECTOR,  
DIRECTORS AND THE CHIEF EXECUTIVE OFFICER OF THE COMPANY**

<b>Sr. No.</b>	<b>Particulars Required</b>	<b>Response</b>
1	Name	
2	Designation	Chairman/ Managing Director/ Director/ Chief Executive Officer
3	Nationality	
4	Age (to be substantiated with date of birth)	
5	Business Address	
6	Residential Address	
7	E-mail address/ Telephone number	
8	PAN Number under Income Tax Act	
9	Director Identification Number (DIN)	
10	Social security number/Passport No.*	
11	Educational/professional qualifications	
12	Professional Achievement relevant to the job	
13	Line of business or vocation	
14	Any other information relevant to Directorship of the Company	
15	Name/s of other companies in which the person has held the post of Chairman/ Managing Director/Director/Chief Executive Officer	
16	Name/s of the regulators (RBI,SEBI,IRDA,PFRDA,NHB or any other foreign regulator) of the entities mentioned in which the Directors hold directorships	
17	Name/s of the company/ies ,if any, with which the Director is associated as Promoter, Managing Director, Chairman or Director with any NBFC including a Residuary Non-Banking Financial Company which has been prohibited from accepting deposits/prosecuted by RBI ?	
18	Detail of prosecution, if any, pending or commenced or resulting in conviction in the past against the Director and/or against any of the entities he is associated with for violation of economic laws and regulations	
19	Cases, if any, where the Director or relatives of the Director or the companies in which the Director is associated with, are in default or have been in default in the last 5 years in respect of credit facilities obtained from any entity or bank	
20	If the Director is a member of a professional	

	association/body, details of disciplinary action, if any, pending or commenced or resulting in conviction in the past against him/her or whether he/she has been banned from entry of any professional occupation at any time.	
21	Whether the Director attracts any of the disqualification envisaged under Section 164 of the Companies Act, 2013	
22	Has the Director or any of the companies, he is associated with, been subject to any investigation at the instance of the Government Department of Agencies	
23	Has the Director at any time been found guilty of violations of rules/ regulations/ legislative requirements by Customs/ Excise/ Income Tax// Foreign Exchange/ Other Revenue Authorities , if yes, so give particulars	
24	Experience in the business of NBFC (number of years)	
25	Equity shareholding in the company	
(i)	No. of shares	.....
(ii)	Face value	Rs. ....
(iii)	Percentage to total equity share capital of the company	.....
26	Name/s of the companies, firms and proprietary concerns in which the person holds substantial interest (Please see item 14 of instructions)	
27	Names of the principal bankers to the concerns at 26 above	
28	Names of the overseas bankers *	
29	Whether number of directorships held by the Director exceeds the limits prescribed under Section 165 of the Companies Act, 2013.	
		Signature :
	Date :	Name :
	Place:	Designation :
		Company Seal :

**\* For foreign directors**

**Note:**

(i) Separate form should be submitted in respect of each of the Directors