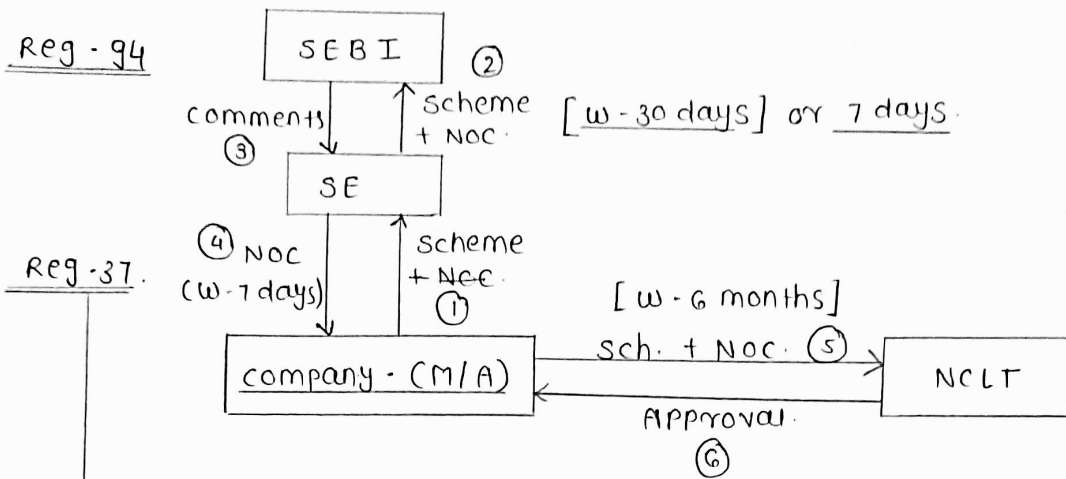


## CHAPTER - 9 - REGULATORY APPROVALS OF SCHEME

### synopsis

- Approval From SEBI / Stock Exchanges
- Approval From RBI
  - what are the info / doc. required to be submitted by banking co. to RBI for det. of value.
  - Process For approval of amalgamation of NBFC ↔ B.co.
- Approval From Insurance Regulatory Development Authority.
- Approval From Telecom Regulatory Authority of India.

## ⇒ Approval From SEBI / Stock Exchanges



→ Nothing contained in this regulation shall apply to draft schemes which solely provide for merger of wos with its holding company.

→ Reg-94 - shall not apply to a restructuring proposal approved as a part of resolution plan by the tribunal uls 31 of IBC 2016

## ⇒ Regulatory Approvals From RBI. - volunt. [M/A]

1. Notice of meeting
  - To all the shareholders.
  - publish in 2 newspapers for 3 consec. weeks (at least one local lang. N.P.)
  - published at least once in a week.
2. sh. holder's approval at the meeting. → Both the Banking co's sh. hol. sep. have to approve the draft of M/A with majority in number and 2/3<sup>rd</sup> in value.
3. Exit opportunity to dissenting sh. h. → At the value determined by RBI. → (A) next page.
4. Approval of RBI.
  - Approval of scheme.
  - RBI will make the provision of transfer of Assets / Liab.
  - RBI will make the provision of dissolution of co's.

→ (A) what are the info. / documents required to be submitted by banking companies to RBI for determination of sh. by RBI?

- A Report on the valuation of shares of the amalgamating co.
- Detailed computation of such valuation.
- where the shares of amalgamating co quoted on the SE -
  - Monthly high and low price during the imm. pre. 6m.
  - The closing price of the sh. for imm. pre. 14 days.
- such other info. as RBI may require.

→ what is the process for approval of amalgamation of a NBFC with a Banking company?

- To proceed with an amalgamation, both entities must secure specific regulatory approvals.

NBFC - Approval from Tribunal

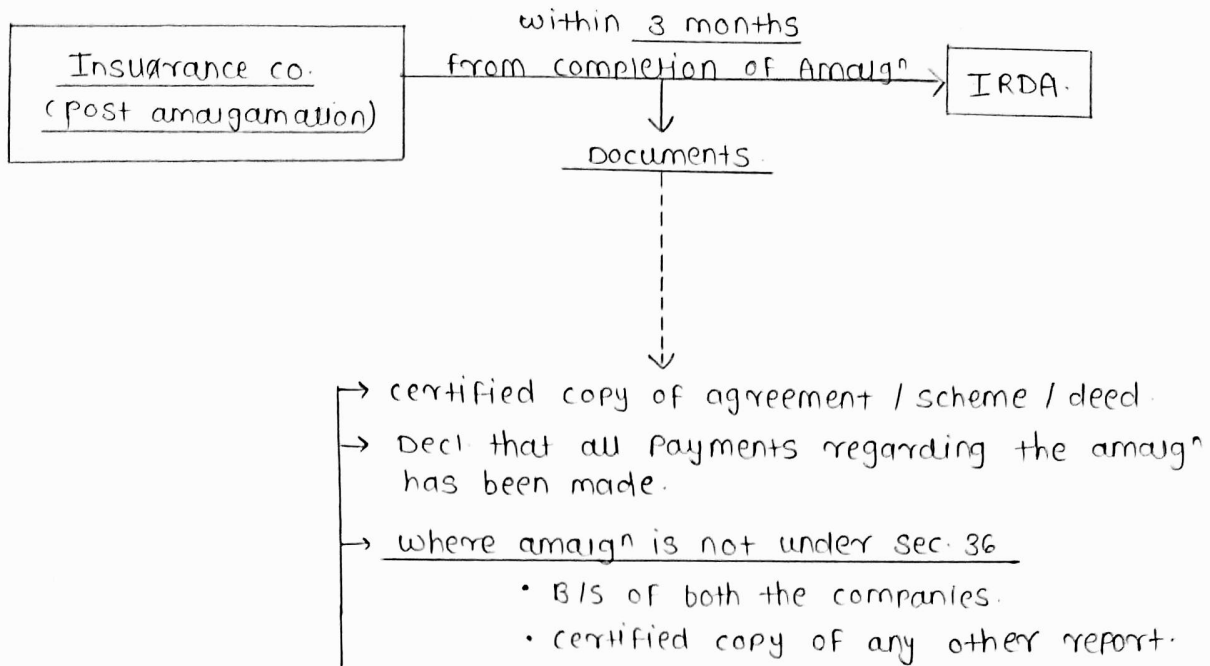
Banking co - App. from RBI

- Following factors shall be ensured -

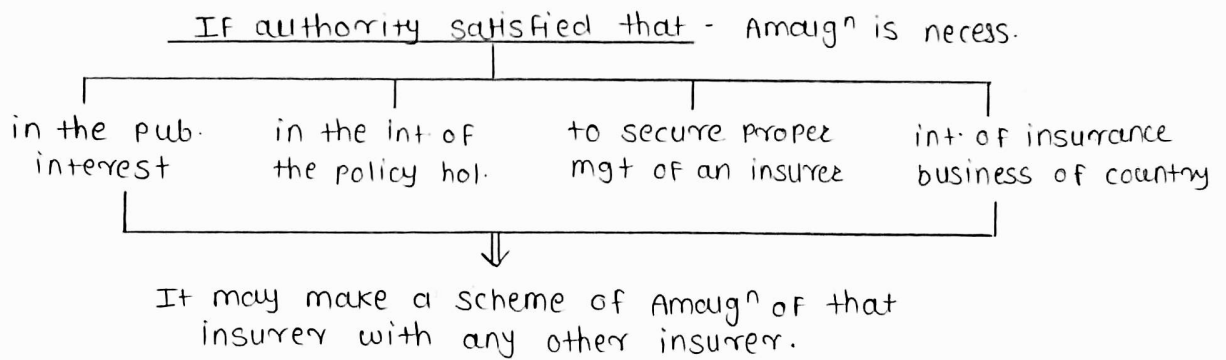
- NBFC has not violated any RBI norms.
- The NBFC complied with KYC of all its accounts holders.
- If the NBFC has availed credit facilities from banks / FI, whether the loan agreement requires the NBFC to seek consent of B / FI for such M/A.
- Banking co  $\xrightarrow{\text{info} \rightarrow \text{SP in schedule} + \text{Doc. rel. to valu}^n}$  RBI along with quoted price

⇒ Approval from IRDA

Section 37 of Insurance Act, 1938



⇒ Section 37A - Power of Authority to prepare sch. of Amalgam



• The scheme may contain following matters -

- constitution, capital, Assets, rights, Liabilities of transferee insuror.
- Transfer of business, properties, Liabilities.
- change in board of directors.
- Alteration of Memorandum and Articles.
- Allotment of shares or payment in cash to sh. holders

- copy of a scheme shall be sent in draft to the insuror and also to the transferee insuror concerned in the amalgamation.
- the scheme thereafter be placed before the CG for its sanction
- sanction → conclusive evid. → all requirement rel. to amalgam → complied.

## ⇒ Approval From Telecom Regulatory Authority of India.

- The scheme of C/A and amalgamation is to be approved by NCLT to be constituted under the provision of companies Act, 2013.
- Transfer / Merger of various categories of Telecom services / Licences shall be permitted as per the guidelines mentioned below.

- The licensor shall be notified for any proposal for C/A and amalgam<sup>n</sup> as filed before the tribunal. objection by the licensor on such scheme has to be made within 30 days of receipt of notice.
- The time period of one year will be allowed for transfer / merger of various licences in diff. service areas.
- The merger of licensee / authorisation shall be for respective service category.
- consequent to transfer of assets / licences / authorisation held by transferor co. to the transferee co., the li/auth. of transferor co. will be subsumed in the resultant entity. Date of validity - equal to the higher of two period on the date of merger.
- After M/acq. if the resultant entity's spectrum holding / market share in any service area exceeds 50%, the merger is still permitted. However the entity must reduce its spectrum / M-sh. to 50% or below within one year from the date of approval.
- If a transferor co. holds a part of spectrum has been assigned against the entry fee paid, the transferee at the time of merger shall pay to the govt. the diff. bet<sup>n</sup> entry fee & market determine P.
- The spectrum usage charge (SUC) as prescribed by Govt from time to time, on the total spectrum holding on the resultant entity shall also be payable.
- The total spectrum held by resultant entity shall not exceed 25% of total spectrum assigned for access services and 50% of the spectrum assigned in a given band by an auction or otherwise in the concerned service area.
- If as a result of merger, the total spectrum held by relevant entity is beyond the limit prescribed, the excess spectrum must be surrr within one year of the permission being granted.

- The dispute resolution shall lie with telecom dispute settlement and appellate Tribunal as per TRAI Act, 1997.