**BANKING REGULATIONS AND BUSINESS LAWS**

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| **Sr. No.** | **RBI Notifications** |
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**Master Direction – Reserve Bank of India (Acquisition and Holding of Shares or Voting Rights in Banking Companies) Directions, 2023**

**RBI/DOR/2022-23/95
DOR.HOL.No.95/16.13.100/2022-23**

**January 16, 2023**

**Master Direction – Reserve Bank of India (Acquisition and Holding of Shares or Voting Rights in Banking Companies) Directions, 2023**

In exercise of the powers conferred by Sections 12, 12B, and 35A of the Banking Regulation Act, 1949, the Reserve Bank of India being satisfied that it is necessary and expedient in the public interest so to do, hereby, issues the Directions hereinafter specified.

These directions may be read along with the ‘Guidelines on Acquisition and Holding of Shares or Voting Rights in Banking Companies’ issued by the Reserve Bank of India ([the Guidelines](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12440&Mode=0)).

**Objective:** These directions are issued with the intent of ensuring that the ultimate ownership and control of banking companies are well diversified and the major shareholders of banking companies are ‘fit and proper’ on a continuing basis.

More details can be referred to in the below link.

Reference Link: <https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12439&Mode=0>

**Guidelines on Acquisition and Holding of Shares or Voting Rights in Banking Companies**

**January 16, 2023**

The contents of these Guidelines shall be read along with [Reserve Bank of India (Acquisition and Holding of Shares or Voting Rights in Banking Companies) Directions, 2023](https://rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=12439), and applicable provisions of the Banking Regulation Act, 1949.

**Prior approval for acquisition of shares or voting rights in a banking company**

2. In terms of sub-section (1) of Section 12B of Banking Regulation Act, 1949, every person, who intends to acquire shares or voting rights and intends to be a major shareholder[1](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12440&Mode=0#F1) of a banking company, is required to obtain previous approval of the Reserve Bank.

3. The person, who intends to be a major shareholder of a banking company, is required to make an application to the Reserve Bank along with the declaration in [Form A](https://rbidocs.rbi.org.in/rdocs/content/pdfs/FORMA16012023_A.pdf). The Reserve Bank would undertake a due diligence to assess the ‘fit and proper’ status of the applicant. It will be open to the Reserve Bank to seek additional information / documents from the applicant / concerned banking company and make such enquiries with regulators, revenue authorities, investigation agencies, credit rating agencies or any other persons as considered appropriate.

4. While granting approvals, the Reserve Bank may specify conditions under sub-section (4) of Section 12B of B R Act,1949, including a validity period for completing such acquisition. Subsequent to such acquisition, if at any point in time the aggregate holding[2](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12440&Mode=0#F2) of the person falls below five per cent, as per sub-section (1) of Section 12B of B R Act, 1949, the person will be required to again obtain prior approval from the Reserve Bank to raise the aggregate holding to five per cent or more of total paid-up share capital or voting rights of the banking company.

5. Any person who intends to acquire shares or voting rights in a banking company beyond the limit for which approval was obtained from the Reserve Bank, is required to apply to the Reserve Bank for prior approval to increase their aggregate holding in the banking company.

6. The persons from[3](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12440&Mode=0#F3) Financial Action Task Force (FATF) non-compliant jurisdictions[4](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12440&Mode=0#F4) shall not be permitted to acquire major shareholding in the banking company. However, the existing major shareholders from such FATF non-compliant jurisdictions would be allowed to continue with their investment, provided that there shall not be any further acquisition without prior approval of the Reserve Bank. The Reserve Bank may, however, review the ‘fit and proper’ status of such holders of shares or voting rights at any point of time and may take steps to limit their voting rights in accordance with law.

**Information to be provided for continuous monitoring**

7. In addition to furnishing the information sought by the banking company, major shareholders who have completed the approved[5](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12440&Mode=0#F5) acquisition or applicants who have obtained the approval to have major shareholding or applicants who have submitted the application for obtaining the prior approval shall inform the banking company of any change in the information provided in [Form A](https://rbidocs.rbi.org.in/rdocs/content/pdfs/FORMA16012023_A.pdf) or any other development which may have a bearing on the ‘fit and proper’ status.

More details can be referred to in the below link.

Reference Link: <https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12440&Mode=0>

**Introduction of Foreign Contribution (Regulation) Act (FCRA) related transaction code in NEFT and RTGS Systems**

RBI/2022-23/178
CO.DPSS.RPPD.No.S1931/04-03-001/2022-23

February 16, 2023

The Chairman / Managing Director / Chief Executive Officer
of member banks participating in NEFT and RTGS Systems

Madam / Dear Sir,

**Introduction of Foreign Contribution (Regulation) Act (FCRA) related transaction code in NEFT and RTGS Systems**

Under the FCRA, 2010 (amended as on September 28, 2020), foreign contributions must be received only in the “FCRA account” of State Bank of India (SBI), New Delhi Main Branch (NDMB). The contributions to the FCRA account are received directly from foreign banks through SWIFT and from Indian intermediary banks through NEFT and RTGS systems.

2. In terms of extant requirements of Ministry of Home Affairs (MHA), Government of India, the donor details such as name, address, country of origin, amount, currency, and purpose of remittance are required to be captured in such transactions and SBI is required to report the same to MHA on daily basis.

3. Keeping in view the above, necessary changes have been introduced in NEFT and RTGS systems, technical details of which are provided in [Annex](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12454&Mode=0#AN1). Member banks are advised to incorporate necessary changes in their core banking / middleware solutions to capture the requisite details while forwarding the foreign donations through NEFT and RTGS systems to SBI. The instructions will be effective from March 15, 2023.

4. These instructions are issued under Section 10 (2) read with Section 18 of Payment and Settlement Systems Act, 2007 (Act 51 of 2007).

Yours faithfully,

(P Vasudevan)
Chief General Manager

More details can be referred to in the below link.

Reference Link: <https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12454&Mode=0>

**Master Circular - Asset Reconstruction Companies**

RBI/2023-24/12
DOR.SIG.FIN.REC 8/26.03.001/2023-24

April 03, 2023

All Asset Reconstruction Companies

Dear Sir/Madam,

**Master Circular - Asset Reconstruction Companies**

In order to have all current instructions/ guidelines on the subject at one place, the Reserve Bank of India issues updated [circulars/ guidelines](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12484&Mode=0#MC1). The instructions contained in The Asset Reconstruction Companies (Reserve Bank) Guidelines and Directions, 2003 (vide [Notification No. DNBS.2/CGM(CSM)-2003, dated April 23, 2003](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=1145&Mode=0)) together with [Guidance Notes](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12484&Mode=0#GuidanceNotes) updated as on March 31, 2023 are reproduced below.

Yours faithfully,

(J P Sharma)
Chief General Manager

More details can be referred to in the below link.

Reference Link: <https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12484&Mode=0>