

Newsflash dated September 18, 2009

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TOPICS

- Prior approval of RBI required in cases of acquisition/transfer of control of NBFCs accepting deposits
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» Prior approval of RBI required in cases of acquisition/transfer of control of NBFCs accepting deposits

RBI vide circular dated September 17, 2009 has notified NBFC (Deposit Accepting) (Approval of Acquisition or Transfer of Control) Directions, 2009 prescribing that any takeover / acquisition of shares of a deposit taking NBFC or merger/amalgamation of a deposit taking NBFC with another entity or any merger/amalgamation of an entity with a deposit taking NBFC that would give the acquirer / another entity control of the deposit taking NBFC, would require prior permission of RBI. This would enable RBI to verify that 'fit and proper' character of the management of NBFCs in continuous manner. RBI reserves the right to exempt any NBFC or class of NBFCs, if it considers necessary for avoiding any hardship or for any other just and sufficient reason, for any specified period.

In case of clarifications kindly contact our M&ATeam.

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