

Info Capsule

RBI PROPOSES FRESH REGULATIONS UNDER FOREIGN EXCHANGE MANAGEMENT ACT, 1999 FOR CROSS BORDER MERGERS: INVITES COMMENTS FROM STAKEHOLDERS¹

The Reserve Bank of India via a Press Release dated April 26, 2017 has placed on its website the draft guidelines² proposed to be issued on cross border merger transactions pursuant to the Rules notified by Ministry of Corporate Affairs through Companies (Compromises, Arrangements and Amalgamation) Amendment Rules, 2017 on April 13, 2017.

Section 234 of the Companies Act, 2013 provides for mergers and amalgamations between Indian companies and foreign companies. Accordingly, Ministry of Corporate Affairs has issued Companies (Compromises, Arrangements and Amalgamation) Amendment Rules, 2017 on April 13, 2017 to operationalize this section.

The Reserve Bank of India has proposed these Regulations under the Foreign Exchange Management Act, 1999 (FEMA) in order to address the issues that may arise when an Indian company and a foreign company enter into Scheme of merger, demerger, amalgamation, or rearrangement. These Regulations stipulate conditions that should be adhered to by the companies involved in the Scheme. The Regulations shall be named Foreign Exchange Management (Cross Border Merger) Regulations.

Members of public, including the stakeholders and experts in the area, are requested to offer their views and comments on the proposed Regulations. ***The comments may be sent via email latest by May 9, 2017 to cofidpolicy@rbi.org.in with the subject "Cross Border Mergers – Comments/Suggestions".***

KEY DECISIONS TAKEN BY THE SEBI BOARD IN MEETING HELD ON APRIL 26, 2017³

SEBI, in its Board Meeting held on April 26, 2017, deliberated upon and concluded on various initiatives for improving the facilities being offered to the stakeholders. The SEBI Board took the decisions related to the following:

1. Instant Access Facility (IAF) in Mutual Funds and use of e-wallet for investment in Mutual Funds up to Rs. 50,000/- in financial year.

¹Available at : https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=40288

² DRAFT GUIDELINES available at : https://www.rbi.org.in/Scripts/bs_viewcontent.aspx?Id=3343

³ Available at : http://www.sebi.gov.in/media/press-releases/apr-2017/sebi-board-meeting_34761.html

2. Amendments to Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012.
3. Inclusion of RBI registered systemically important NBFCs in the category of QIBs.
4. Exemption under SEBI (ICDR) Regulations, 2009, relating to preferential allotments, to be extended to Scheduled Banks and Financial Institutions.
5. Strengthening the Monitoring of Utilisation of Issue Proceeds.

LAUNCH OF MICRO AND SMALL ENTERPRISE FACILITATION COUNCIL (MSEFC) PORTAL AND MYMSME MOBILE APP⁴

Union Minister for Urban Development, Housing & Urban Poverty Alleviation and Union Minister for Information & Broadcasting, Shri M. Venkaiah Naidu launched two important initiatives of the Ministry of Micro, Small and Medium Enterprises (Ministry of MSME), viz. Micro and Small Enterprises Facilitation Council (MSEFC) portal and MyMSME Mobile App on the occasion of the 15th Meeting of the National Board for MSME in New Delhi on April 27, 2017.

The Union Minister for MSME, Shri Kalraj Mishra informed that Micro and Small Enterprises Facilitation Council (MSEFC) portal on <http://msefc.msme.gov.in>, would facilitate implementation of the delayed payment provisions of the MSMED Act 2006 and also assist in monitoring of delayed payment cases. This online platform is expected to be a significant step in the direction of Digital India from the perspective of the MSME Sector in the country. With the access to this platform, micro and small enterprises would be able to file their delayed payment related grievances online. The grievance filed would be communicated through email and SMS to the parties involved. It would also help officers of the Ministry of MSME as well as the State Government concerned in monitoring the progress of cases both at the State and National levels. He also informed that most of the States have already uploaded the information regarding delayed payment cases on MSEFC portal.

In addition, the MyMSME mobile app on <http://my.msme.gov.in>, also launched by Shri M. Venkaiah Naidu, provides information on all schemes implemented by the Ministry of MSME at one place.

Team ICSI

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⁴ Available at : <http://pib.nic.in/newsite/erelease.aspx?relid=161333>