



Info Capsule

ACQUISITION OF 'CONTROL' UNDER THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 2011¹

SEBI via a press release No. 56/2017, dated September 8, 2017 stated that “*Ascertaining acquisition of 'control' under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (“Takeover Regulations”)* requires consideration of facts and circumstances of each case.” This results in a multitude of opinions. In view of the same, it was decided by the Board, in its meeting held on March 12, 2016, to explore adoption of bright-line tests for acquisition of ‘control’ under the Takeover Regulations.

In this regard, a discussion paper was issued on March 14, 2016 seeking public comments on certain proposals contained therein.

A number of comments from various stakeholders including industry bodies, intermediaries, advocates and investors were received. A mixed response has been received wherein no particular option has garnered overwhelming support amongst the stakeholders.

SEBI also had the benefit of the views of the Ministry of Corporate Affairs and the Reserve Bank of India in this regard.

The Ministry of Corporate Affairs and few other stakeholders have opined that changing the current definition of ‘control’ may reduce the regulatory scope and may be prone to abuse and that the current definition of ‘control’ may not be changed and it would be more appropriate to take decisions on a case-to-case basis.

It is also noted that the Justice Bhagwati Committee which was constituted in the year 1995 to review the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1994, had recommended a broad definition of control and opined that it should be left to SEBI to decide whether there has been an acquisition

¹ Available at: http://www.sebi.gov.in/media/press-releases/sep-2017/acquisition-of-control-under-the-sebi-substantial-acquisition-of-shares-and-takeovers-regulations-2011_35891.html

of control on the basis of facts of each case. The Takeover Regulations Advisory Committee (TRAC), in its report dated July 19, 2010 also reiterated the view of Justice Bhagwati Committee.

It is felt that any change or dilution in the definition of control would have far reaching consequences since a similar definition of 'control' is used in the Companies Act, 2013 and other laws.

The relevant issues have been examined intensively and in view of the aforesaid comments received and considering the current regulatory environment, it has been decided to continue with the practice of ascertaining acquisition of 'control' as per the extant definition in the Takeover Regulations.

2-DAY REGIONAL CONFERENCE ON GOOD GOVERNANCE AND REPLICATION OF BEST PRACTICES AT GOA²

The Department of Administrative Reforms & Public Grievances (DARPG), Ministry of Personnel, Public Grievances & Pensions, Government of India is organising a 2-day Regional Conference on Good Governance and Replication of Best Practices on September 14-15, 2017 in collaboration with Government of Goa. The Secretary (DARPG), Shri C. Viswanath will inaugurate the conference tomorrow in Goa. The Chief Minister, Goa Shri Manohar Parrikar and Union Minister of State (Independent Charge) Development of North-Eastern Region (DoNER), MoS PMO, Personnel, Public Grievances & Pensions, Atomic Energy and Space, Dr Jitendra Singh will address the participants in the Valedictory Session on September 15, 2017.

The theme for this year's Conference is Good Governance and Replication of Best Practices. The Conference is an effort to create a common platform to share experiences in the formulation and implementation of citizen centric governance, improved public service delivery through e-Governance, transparent, accountable and citizen-friendly effective administration. Delegates from 25 States/UTs (of Southern, Central, Eastern, North Eastern Regions and 5 other States/UTs) will be participating in the conference.

As per the programme schedule, 6 sessions will be held during the conference. In the first session tomorrow, a brief presentation on Priority Exemplary Initiatives in the State of Goa will be made. In the second session, a brief presentation on Priority programmes [Pradhan Mantri Fasal Bima Yojana, Din Dayal Upadhyaya Grameen Kaushalya Yojana, Promoting Digital Payments and Pradhan Mantri Awas Yojana (Urban and Rural)] chosen for PM Awards, 2018 will be made. Two presentations on Good Governance Index will be made in third and fourth session on tomorrow. In the fifth and sixth sessions, presentation on Replication of PM Awarded Initiatives will be made on 15th September.

The DARPG has so far organised 26 such regional conferences to share experiences in the formulation and successful implementation of good governance practices and to facilitate speedy and efficient delivery of

² Available at: <http://pib.nic.in/newsite/erelease.aspx>

public services. The event brings together national and state level organisations along with other stakeholders including intelligentsia and media on the same platform.

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