

**REGULATORY UPDATE**

If you have questions or would like additional information on the material covered in this Newsletter, please contact us at [info@lexcounsel.in](mailto:info@lexcounsel.in)

LexCounsel, Law Offices C-10,  
Gulmohar Park New Delhi 110 049,  
INDIA. Tel.:+91.11.4166.2861  
Fax:+91.11.4166.2862

Recommended by:

**Capital Markets/Financial Services:****• SEBI offers exit route to dissenting shareholders**

The Securities and Exchange Board of India (SEBI) has amended the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, to provide an exit opportunity to dissenting shareholders (being at least 10% of the shareholders who voted in the general meeting), who have voted against a resolution for a change in objects or variation in terms of a contract, referred to in the prospectus. Also, the amount to be utilized for the objects for which the prospectus was issued should be less than 75% of the amount raised (including the amount earmarked for general corporate purposes as disclosed in the offer document). Such an exit offer is to be made by the promoters or shareholders in control in control of an issuer making an offer of specified securities. To this end, SEBI has also amended the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2016, to exclude an acquisition of shares or voting rights of a company under the exit route to dissenting shareholders.

**• IRDAI clarifies IRDAI (Registration of Corporate Agents) Regulations, 2015**

The Insurance Regulatory Development Authority of India (IRDAI) has clarified certain provisions of the IRDAI (Registration of Corporation Agents) Regulations, 2015. In terms of regulation 7(2)(g) of the Regulations, the IRDAI has to check whether the principal officer/director(s)/partner(s)/specified persons is/are "fit and proper" based (separately for each person) based on the criteria specified in Annexure I of the Regulations. Among other clarifications, it has been clarified that independent and nominee directors are exempted from the "fit and proper" criteria while considering an application for grant of registration as a corporate agent.

CHAMBERS  
ASIA



It has also been clarified that listed companies, banks and non-banking financial companies are exempted from submitting details of infrastructure along with supporting evidence thereof (for example, title deeds/lease agreement with regard to office space, equipment, etc.) to the IRDAI. However, all such documents have to be preserved at the head/registered offices of such entities, and should be made available during inspection by the IRDAI.

#### **Foreign Investment**

- ***Amendments to Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2002***

Amendments have been made to the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2002, which deals with foreign direct investment (FDI) in India. The amendments are mostly conforming changes, to reflect changes already made to the FDI Policy in November 2015, with effect from May 2015 (refer our December 8, 2015 newsletter). For example, clarifying “ownership and control” with respect to LLPs, clarifying downstream investment by LLPs, and taking cognizance of applicable provisions of the Companies Act, 2013) and the definition of the term “manufacture”.

#### **Mergers & Acquisitions:**

- ***Competition Commission approves Sistema Shyam’s merger into Reliance Communications***

Reliance Communications Limited in a [letter](#) to the BSE Limited and the National Stock Exchange of India Limited, has announced that the Competition Commission of India has approved the transfer of the telecommunications undertaking of Sistema Shyam Teleservices Limited to Reliance Communications Limited. The transaction is reportedly valued at Rs. 5,000 crore (approximately \$730 million), involving both a share-swap and payment towards spectrum.

#### **Telecom:**

- ***DoT allows sharing of telecom equipment amongst operators***

The Department of Telecommunications (“DoT”) has recently amended the Unified License Agreement to allow sharing of active infrastructure (antenna, feeder cable, Node B, radio access network and transmission system), amongst service providers. This is expected to save costs for network operators. It may be noted that the DoT had earlier in 2015 notified guidelines for spectrum sharing and trading.

	<b><u>Feedback</u></b>
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