

Anchor Investor's limit increased

On September 11, 2014 Securities Exchange Board of India (SEBI) has notified vide circular no. CIR/CFD/POLICYCELL/6/2014 amendment to SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 regarding increasing the investment bucket for anchor investor and regulations concerning the preferential issue norms. As per the circular, the SEBI Board in its meeting held on June 19, 2014 undertook a review of the extant regulatory framework in the primary market and approved certain reforms to revitalize the market including increasing the investment bucket for anchor investor and making certain amendments to regulations concerning the preferential issue norms.

In order to remove any difficulties in the application or interpretation of SEBI (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2014, the circular clarified that:-

1. The revised sub-regulation (3) of regulation 43 on anchor investor allocation, which is regarding the increase in the investment bucket for anchor investor shall be applicable to issuers filing offer documents with the Registrar of Companies on or after the date of notification of SEBI (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2014.
2. The new revised regulations pertaining to preferential issue, shall be applicable for the preferential issuances where notice for the general meeting for passing of special resolution by the shareholders is issued on or after the date of this circular, i.e., September 11, 2014.

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Upper age limit for Whole Time Directors of private sector banks fixed

Reserve Bank of India (RBI) vide notification no. RBI/2014-15/217 DBOD. APPT.BC.No. 40 /29.39.001/2014-15, dated September 9, 2014 has notified that the upper age limit of the Managing Director & Chief Executive Officers (MD & CEO) and other Whole Time Directors (WTDs) of banks in private sector in India has been fixed as seventy (70) years. It was so revised on account of provisions of Companies Act 2013. Section 196(3) of the Companies Act, 2013 prescribes that 'no company shall appoint or continue the employment of any person as Managing Director, Whole Time Director or Manager who is below the age of 21 years or has attained the age of 70 years'. Thus, no one is allowed to continue on these posts beyond 70 years of age. Moreover, the circular provides that private sector banks are at a liberty to fix the

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lower limit of the age, as a matter of internal policy.

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Notification on Hedging Facilities for Foreign Portfolio Investors

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RBI vide notification no. RBI/2014-15/216 A.P. (DIR Series) Circular No.28, dated September 8, 2014 notified certain Hedging Facilities for Foreign Portfolio Investors (FPIs). The circular drew the attention of Authorised Dealers to the Foreign Exchange Management (Foreign Exchange Derivative Contracts) Regulations, 2000 dated May 3, 2000 (Notification No. FEMA.25/RB-2000 dated May 3, 2000) as amended from time to time and A.P. (DIR Series) Circular no. 32 dated December 28, 2010.

Under the extant regulations, Foreign Portfolio Investors (FPIs) are allowed to approach any AD Category I bank for hedging their currency risk on the market value of entire investment in equity and/or debt in India as on a particular date subject to certain conditions as specified in A.P. (DIR Series) Circular No. 32 dated December 28, 2010 as amended from time to time.

In order to enhance the hedging facilities for the FPIs holding securities under the Portfolio Investment Scheme (PIS) in terms of Foreign Exchange Management (Transfer or issue of security by a person resident outside India) Regulations, 2000, as amended from time to time, as announced in the Monetary Policy Statement of April 1, 2014; it has been decided to permit FPIs to hedge the coupon receipts arising out of their investments in debt securities in India falling due during the following twelve months subject to the condition that the hedge contracts shall not be eligible for rebooking on cancellation. The contracts can however be rolled over on maturity provided the relative coupon amount is yet to be received.

However, all other regulations and guidelines issued under FEMA, 1999 relating to investment in debt securities and hedging facilities for non resident investors including FPIs shall remain unchanged.

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