

RBI/DBR/2015-16/21

Master Direction DBR.PSBD.No.95/16.13.100/2015-16

April 21, 2016

**Master Direction - Issue and Pricing of shares by Private Sector Banks,  
Directions, 2016**

In exercise of the powers conferred by 35 A of the Banking Regulation Act, 1949 the Reserve Bank of India being satisfied that it is necessary and expedient in the public interest so to do, hereby, issues the Directions hereinafter specified.

**CHAPTER – I**  
**PRELIMINARY**

**1. Short Title and Commencement**

- (a) These Directions shall be called the Reserve Bank of India (Issue and Pricing of Shares by Private Sector Banks) Directions, 2016.
- (b) These directions shall come into effect on the day they are placed on the official website of the Reserve Bank of India (RBI).

**2. Applicability**

The provisions of these Directions shall apply to all private sector banks licensed by RBI to operate in India.

**3. Definitions**

- (i) In these Directions, unless the context otherwise requires, the terms herein shall bear the meanings assigned to them below –

“Private Sector Banks” means banks licensed to operate in India under Banking Regulation Act, 1949, other than Urban Co-operative Banks, Foreign Banks and banks licensed under specific Statutes.

(ii) All other expressions unless defined herein shall have the same meaning as have been assigned to them under the Banking Regulation Act, 1949 or the Reserve Bank of India Act, 1934 or SEBI Guidelines or Companies Act and rules made thereunder or as used in commercial parlance, as the case may be.

## **CHAPTER – II**

### **TYPES OF ISSUES**

4. Banks normally issue shares by way of:

- i) Public Issues
  - a) Initial Public Offer
  - b) Further Public Offer
- ii) Private Placement
  - a) Preferential Issue
  - b) Qualified Institutional Placement
- iii) Rights Issue
- iv) Bonus Issues

## **CHAPTER III**

### **ISSUE AND PRICING OF SHARES - GENERAL PERMISSION**

5 A private sector bank, both listed and unlisted, has general permission for issue of shares through all the routes mentioned in Section 4 above subject to the following conditions:

- i. The issue of shares shall be in compliance with the provisions of Foreign Exchange Management Act, 1999 (FEMA) and extant Foreign Investment Policy of Government of India for Private Sector Banks.
- ii. The issue of shares shall be in compliance with the extant SEBI guidelines, provisions of Companies Act and rules made thereunder.

- iii. The issue of shares through any of the routes shall have the approval from the bank's Board / AGM, as the case may be in compliance with the Companies Act 2013 /SEBI guidelines.
- iv. Pricing of shares through any of the routes by listed banks shall be as per SEBI formula, while for unlisted banks the pricing shall be as per Companies Act and rules made thereunder.
- v. Allotment of shares to the investors under any of the routes shall be subject to compliance with the extant RBI Master Directions dated November 19, 2015 on Prior approval for acquisition of shares or voting rights in private sector banks which requires investors to obtain specific prior approval of RBI if the proposed acquisition results in aggregate holding of 5 per cent or more of the paid-up capital of the bank.
- vi. The specific regulatory limits permitted to the shareholders or the promoters / promoter group shall not be breached on account of fresh subscription, own entitlement, renunciation of rights or otherwise.
- vii. On completion of allotment process subject to compliance with the stipulation as at para 5 (v) above, if applicable, complete details of the issue shall be reported to RBI viz. date of issue, details of the type of issue, issue size, details of pricing, number and names of allottees, post allotment shareholding position, etc, along with a copy of Board / AGM Resolution and prospectus / offer document in the format given in the schedule to these Directions.

## **CHAPTER – IV**

### **REPEAL AND OTHER PROVISIONS**

- 6. With the issue of these Directions, the instructions / guidelines contained in the following circulars issued by the Reserve Bank stand repealed:
  - i. DBOD.No.BC.76/16.13.100/94 dated June 17, 1994.
  - ii. DBOD.No.PSBS.BC.72/16.13.100/98-99 dated July 10, 1998.
  - iii. DBOD.No.PSBD.BC.99/16.13.100/2004-05 dated June 25, 2005.
  - iv. DBOD.No.PSBD.BC.92/16.13.100/2009-2010 dated April 20, 2010.
- 7. All approvals given under the above circulars shall be deemed as given under these Directions.

## SCHEDULE

Bank.....

Address: .....

The Chief General Manager  
 Private Sector Banks Division  
 Department of Banking Regulation  
 Reserve Bank of India  
 Central Office, Mumbai

Dear Sir,

### **Details of issue of shares and aggregate shareholding<sup>1</sup>**

We give below the necessary information as per RBI Master Direction on Issue and Pricing of shares by Private Sector Banks.

#### **1) Details of issue of shares**

Sr. No	Date of the issue	Type of the issue	Size of the issue raised				No. of allotees for the issue	Pre-issue		Post-issue		*List of shareholders having aggregate shareholding of 5% or above
			No. of shares	Face value of each share	Premium on each share	Amount raised		Paid- up capit al	reserves	Paid- up capit al	reserves	

\* with date of RBI approval for such shareholding

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<sup>1</sup> Aggregate shareholding has the same meaning as defined in RBI Master Directions on Prior approval for acquisition of shares or voting rights in private sector banks. The bank shall ensure compliance with Section 12B (5) of Banking Regulation Act, 1949 in respect of the above shareholders.

**2) Format for Furnishing Details of aggregate shareholding<sup>2</sup> of 5% or more post IPO/FPO/  
Preferential issue / QIPs/ Rights Issue**

Sr. No	Name of the Allotees	No. of Shares held prior to Allotment	% of total paid-up Share prior to Allotment	No. of Shares approved for Allotment	% of Shares now allotted to paid up shares	Aggregate No. of Shares (post issue)	*% of total paid-up Shares (i.e. aggregate percentage shareholding post issue)
	(A)	(B)	(C)	(D)	(A+C)	(B+D)	

\* If 5% or above, date of RBI approval for such shareholding

Encl :

- 1) copy of the Board / AGM Resolution
- 2) Copy of the prospectus / offer document

Date: .....

Signature (with name and  
designation):

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<sup>2</sup> Aggregate shareholding has the same meaning as defined in RBI Master Directions on Prior approval for acquisition of shares or voting rights in private sector banks. The bank shall ensure compliance with Section 12B (5) of Banking Regulation Act, 1949 in respect of the above shareholders.