

Regulatory Hotline

December 26, 2024

BOARD OBSERVERS IN THE SPOTLIGHT

This article was first published in www.financialexpress.com (December, 2024).



Two recent regulatory developments have brought the role of board observers into the spotlight. A few months back, the Competition Commission of India (CCI) amended the rules that exempted combinations from its notification requirement. Previously, to qualify for an exemption, acquirers could not acquire any special rights in the target entity—rights unavailable to ordinary shareholders. These special rights included the full range of contractual rights such as director and observer rights, as well as information and inspection rights. However, the only explicitly specified right in the old regulations was the right to appoint a director. The CCI's new exemption rules now explicitly include the right to appoint a board observer. This move clearly indicates that the CCI sees no differentiation between directors and board observers when it comes to the ability to exert 'material influence' over the management and affairs of the target entity.

Please click [here](#) for our detailed article.

Authors:

[Khyati Dalal](#) and [Viral Mehta](#)

You can direct your queries or comments to the relevant member.

DISCLAIMER

The contents of this hotline should not be construed as legal opinion. View detailed disclaimer.

This Hotline provides general information existing at the time of preparation. The Hotline is intended as a news update and Nishith Desai Associates neither assumes nor accepts any responsibility for any loss arising to any person acting or refraining from acting as a result of any material contained in this Hotline. It is recommended that professional advice be taken based on the specific facts and circumstances. This Hotline does not substitute the need to refer to the original pronouncements.

This is not a Spam mail. You have received this mail because you have either requested for it or someone must have suggested your name. Since India has no anti-spamming law, we refer to the US directive, which states that a mail cannot be considered Spam if it contains the sender's contact information, which this mail does. In case this mail doesn't concern you, please unsubscribe from mailing list.

Research Papers

FAQs on Setting Up of Offices in India

December 13, 2024

FAQs on Downstream Investment

December 13, 2024

Gaming Law 2024

December 12, 2024

Research Articles

The Revolution Realized: Bitcoin's Triumph

December 05, 2024

The Bitcoin Effect

November 14, 2024

Acquirers Beware: Indian Merger Control Regime Revamped!

September 15, 2024

Audio

Securities Market Regulator's Continued Quest Against "Unfiltered" Financial Advice

December 18, 2024

Digital Lending - Part 1 - What's New with NBFC P2Ps

November 19, 2024

Renewable Roadmap: Budget 2024 and Beyond - Part I

August 26, 2024

NDA Connect

Connect with us at events, conferences and seminars.

NDA Hotline

[Click here](#) to view Hotline archives.

Video

"Investment return is not enough" Nishith Desai with Nikunj Dalmia (ET Now) at FI8 event in Riyadh

October 31, 2024

Analysing SEBI's Consultation Paper on Simplification of registration for FPIs

September 26, 2024

Scope of judicial interference and inquiry in an application for appointment of arbitrator under the (Indian) Arbitration and Conciliation Act, 1996

September 22, 2024
