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Government of India
MINISTRY OF CORPORATE AFFAIRS

Notification

New Delhi, dated 08.02.2019

G.S.R. (E).- In exercise of the powers conferred by sub-sections (1) and (2) of section 469 read with section 90 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following rules further to amend the Companies (Significant Beneficial Owners) Rules, 2018, namely:-

1. (1) These rules may be called the Companies (Significant Beneficial Owners) Amendment Rules, 2019.

(2) They shall come into force on the date of their publication in the Official Gazette.

2. In the Companies (Significant Beneficial Owners) Rules, 2018 (hereinafter referred to as the principal rules), in rule 2, in sub-rule (1), for clauses (b) to (e), the following clauses shall be substituted, namely:-

(b) "control" means control as defined in clause (27) of section 2 of the Act;

(c) "form" means the form specified in Annexure to these rules;

(d) "majority stake" means;-

(i) holding more than one-half of the equity share capital in the body corporate; or

(ii) holding more than one-half of the voting rights in the body corporate; or

(iii) having the right to receive or participate in more than one-half of the distributable dividend or any other distribution by the body corporate;

(e) "partnership entity" means a partnership firm registered under the Indian Partnership Act, 1932 (9 of 1932) or a limited liability partnership registered under the Limited Liability Partnership Act, 2008 (6 of 2009);

(f) "reporting company" means a company as defined in clause (20) of section 2 of the Act, required to comply with the requirements of section 90 of the Act;

(g) "section" means a section of the Act;

(h) "significant beneficial owner" in relation to a reporting company means an individual referred to in sub-section (1) of section 90, who acting alone or together, or through one or more persons or trust, possesses one or more of the following rights or entitlements in such reporting company, namely:-

- (i) holds indirectly, or together with any direct holdings, not less than ten per cent. of the shares;
- (ii) holds indirectly, or together with any direct holdings, not less than ten per cent. of the voting rights in the shares;
- (iii) has right to receive or participate in not less than ten per cent. of the total distributable dividend, or any other distribution, in a financial year through indirect holdings alone, or together with any direct holdings;
- (iv) has right to exercise, or actually exercises, significant influence or control, in any manner other than through direct holdings alone:

Explanation I. - For the purpose of this clause, if an individual does not hold any right or entitlement indirectly under sub-clauses (i), (ii) or (iii), he shall not be considered to be a significant beneficial owner.

Explanation II. - For the purpose of this clause, an individual shall be considered to hold a right or entitlement directly in the reporting company, if he satisfies any of the following criteria, namely.—

- (i) the shares in the reporting company representing such right or entitlement are held in the name of the individual;
- (ii) the individual holds or acquires a beneficial interest in the share of the reporting company under sub-section (2) of section 89, and has made a declaration in this regard to the reporting company.

Explanation III. - For the purpose of this clause, an individual shall be considered to hold a right or entitlement indirectly in the reporting company, if he satisfies any of the following criteria, in respect of a member of the reporting company, namely:-

- (i) where the member of the reporting company is a body corporate (whether incorporated or registered in India or abroad), other than a limited liability partnership, and the individual,—
 - (a) holds majority stake in that member; or
 - (b) holds majority stake in the ultimate holding company (whether incorporated or registered in India or abroad) of that member;
- (ii) where the member of the reporting company is a Hindu Undivided Family (HUF) (through *karta*), and the individual is the *karta* of the HUF;