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RESERVE BANK OF INDIA

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November 28, 2025

**Reserve Bank of India (Commercial Banks – Acquisition and Holding of Shares
or Voting Rights) Directions, 2025 (Updated as on October 1, 2026)**

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Introduction

These directions are issued with the intent of ensuring that the ultimate ownership and control of banking companies are well diversified, and the major shareholders of banking companies are 'fit and proper' on a continuing basis.

In exercise of the powers conferred by Sections 12, 12B, and 35A 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.

These Directions shall be read along with the 'Guidelines on Acquisition and Holding of Shares or Voting Rights in Banking Companies' issued by the Reserve Bank of India (hereinafter referred to as ['Guidelines'](#)).

Chapter I- Preliminary

A. Short Title and Commencement

1. These directions shall be called the Reserve Bank of India (Commercial Banks – Acquisition and Holding of Shares or Voting Rights) Directions, 2025.
2. These directions shall become effective on the day these are placed on the official website of the Reserve Bank.

B. Applicability

3. These Directions shall be applicable to Commercial Banks (hereinafter collectively referred to as 'Banking Companies or banks' and individually, as a 'Banking Company' or bank).

For the purpose of these Directions, 'Commercial Banks' mean banking companies (as defined under clause (c) of Section 5 of Banking Regulation Act, 1949) other than Small Finance Banks, Payment Banks, and Local Area Banks.

Provided that these Directions shall not be applicable to foreign banks, operating either through branch mode or Wholly Owned Subsidiary (WOS) mode.



C. Definitions

4. In these Directions, unless the context otherwise requires, the terms used shall bear the meanings assigned to them below, and their cognate expressions and variations shall be construed accordingly:

(1) '*acquisition*' means acquiring, or agreeing to acquire, shares or voting rights in a banking company, directly or indirectly;

Explanation (i) 'Shares' shall include equity shares and preference shares, as mentioned in Section 12(1) (ii) of the Banking Regulation Act, 1949.

Explanation (ii) The term 'indirectly' shall have the same meaning as provided in Explanation III to Rule 2(h) of Companies (Significant Beneficial Owners) Rules, 2018.

(2) '*aggregate holding*' means the total holding, directly or indirectly, beneficial or otherwise, of shares or voting rights by a person along with his relatives, associate enterprises and persons acting in concert with him in a banking company;

For the purpose of this definition, indirect acquisition of shares or voting rights by a person (natural or legal) may include, amongst others, such acquisition by:

(i) any body-corporate under the same management or control or owner to which the person belongs to and its directors;

Explanation: The term 'under the same management or control or owner' shall illustratively include entities related to one or more other entities because they all have the same shareholder structure without a single controlling shareholder or because they are managed on a unified basis.

(ii) the directors of the person and any other person entrusted with the management of the person;

(iii) promoter and promoter group of the person;

Explanation: For the purpose of these Directions, the norms for recognizing the promoter group of a banking company shall be applied to recognize the promoter and promoter group of the person.



- (iv) mutual funds, its sponsor, trustees, trustee company and asset management company;
- (v) a collective investment scheme and its collective investment management company, trustees and trustee company of the person;
- (vi) venture capital fund, its sponsor, trustees, trustee company and asset management company;
- (vii) alternative investment fund, acquisition through its sponsor, trustees, trustee company and manager;
- (viii) a portfolio manager and its client;

¹*Explanation:* Acquisition by a client may not be treated as indirect acquisition by its portfolio manager if all the following conditions are met:

- (a) the client is the registered owner of the shares and is entitled to exercise the voting rights therein;
 - (b) the portfolio manager is acting as an advisor to the client providing only non-binding investment / divestment advice; and
 - (c) voting rights exercised by the portfolio manager in the banking company on behalf of the client, if any, is based on a specific mandate from the client.
- (ix) Any person who manages the funds of one or more investors and exercise voting rights on their behalf or direct the manner of exercise of voting rights in the banking company;

Explanation: 'person' shall also include Private Equity funds, its General Partners and Limited Partners, investment manager or any other person doing similar activity of managing funds of one or more persons.

- (x) Any other person having control over the person;

Explanation: 'Control' shall have the same meaning as defined in Section 2(27) of Companies Act, 2013 - Control shall include the right to appoint majority of the directors or to control the management or to control policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly,

¹ Inserted w.e.f. October 1, 2026, vide Reserve Bank of India (Commercial Banks - Acquisition and Holding of Shares or Voting Rights) Amendment Directions, 2026 dated October 1, 2026



including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner.

(xi) Proxy voters (other than Corporate representative and relatives of the registered members) without any specific mandate on manner of voting.

Explanation: Proxy voters shall include Proxy Adviser for one or more persons with authorisation to exercise voting rights.

(3) 'applicant' means the person making an application under Section 12B of the Banking Regulation Act, 1949;

(4) 'encumbrance' shall have the same meaning as assigned to it in the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(5) 'major shareholding' means 'aggregate holding' of five per cent or more of the paid-up share capital or voting rights in a banking company by a person;

Explanation: The shareholding shall be computed assuming that all the instruments (including convertible instruments) issued/ to be issued to the person have been converted into shares (with applicable voting rights) and deemed to be included in the paid-up share capital or total voting rights of the banking company.

(6) 'person' means a natural person or a legal person;

(6A) ²'qualifying person' in respect of an investee banking company means a person satisfying all the following conditions:

- (i) the person is a mutual fund registered with the Securities and Exchange Board of India, or a pension fund registered with the Pension Fund Regulatory and Development Authority, or an insurance company registered with the Insurance Regulatory and Development Authority of India; and
- (ii) the person does not belong to the promoter group or group of the investee banking company.

² Inserted w.e.f. October 1, 2026, vide Reserve Bank of India (Commercial Banks - Acquisition and Holding of Shares or Voting Rights) Amendment Directions, 2026 dated October 1, 2026



Explanation: For the purpose of this definition, the ‘group of a banking company’ shall be determined as per definition of ‘group entity’ in the Reserve Bank of India (Commercial Banks – Undertaking of Financial Services) Directions, 2025.

(6B) ³‘qualifying person with one-time approval’ in respect of an investee banking company means a qualifying person, which has obtained one-time approval as detailed in paragraph 14 of these directions but does not have major shareholding in the investee banking company at a point of time.

(7) ‘relative’ shall have the same meaning as defined in Section 2(77) of the Companies Act, 2013 and rules made thereunder; and

(8) ‘significant beneficial owner’ shall have the same meaning as stated in Companies (Significant Beneficial Owners) Rules, 2018.

5. All other expressions, unless defined herein, shall have the same meaning as have been assigned to them under the Banking Regulation Act, 1949.

³ Inserted w.e.f. October 1, 2026, vide Reserve Bank of India (Commercial Banks - Acquisition and Holding of Shares or Voting Rights) Amendment Directions, 2026 dated October 1, 2026



Chapter II- Prior Approval for Acquisition

A. Fit and Proper Criteria

6. A banking company shall put in place a board-approved 'fit and proper' criterion for major shareholders, which shall consider, at a minimum, the criteria mentioned herein.

Explanation: The illustrative criteria for determining 'fit and proper' status of applicants/major shareholders shall include, at a minimum:

- (1) For acquisition of five per cent or more but less than 10 per cent in the banking company:
 - (i) Integrity, reputation and track record in financial/non-financial matters and compliance with tax laws,
 - (ii) Any proceedings of a serious nature, or has been notified of any such impending proceedings or of any investigation which may lead to such proceedings,
 - (iii) Record or evidence of previous business conduct and activities resulting in conviction for an offence under any legislation designed to protect members of the public from financial loss due to dishonesty, incompetence, or malpractice,
 - (iv) Outcome of due diligence conducted with the relevant regulator, revenue authorities, investigation agencies and credit rating agencies etc., as considered appropriate,
 - (v) Serious financial misconduct, including defaulting on financial obligations or whether the applicant was adjudged to be insolvent,
 - (vi) The credibility of source of funds for the acquisition,
 - (vii) Where the applicant is a body corporate, track record or reputation for operating in a manner that is consistent with the standards of good corporate governance, financial strength and integrity in addition to the assessment of individuals and other entities associated with the body corporate as enumerated above.
 - (viii) Adherence to the '[Guidelines](#)' on acquisition and holding of shares or voting rights in banking companies.



- (2) For acquisition of 10 per cent or more in the banking company, ⁴and for qualifying persons seeking one-time approval as mentioned in paragraph 14:
- (i) All aspects as laid down in (1) above.
 - (ii) Details of group entities, in case the applicant belongs to a group.
 - (iii) Source and stability of funds for acquisition and the ability to access financial markets as a source of continuing financial support for the banking company.
 - (iv) The business record and experience of the applicant including any experience in acquisition of business.
 - (v) The extent to which the corporate structure of the applicant will be in consonance with effective supervision and regulation of the banking company.
 - (vi) The soundness and feasibility of the plans of the applicant for the future conduct and development of the business of the banking company.
 - (vii) Shareholder agreements and their impact on control and management of the banking company.

B. Procedure for prior approval

7. Any person who intends to make an acquisition which is likely to result in major shareholding in a banking company, is required to seek previous approval of the Reserve Bank by submitting an application, through [PRAVAAH](#), to the Reserve Bank.
8. On receipt of the application and declaration from the applicant, the Reserve Bank may seek comments from the banking company on the proposed acquisition.
9. On receipt of the reference from the Reserve Bank, the Board of Directors (the Board) of the banking company shall deliberate on the proposed acquisition and assess the 'fit and proper' status of the person based on the information provided as well as due diligence undertaken by the banking company, without prejudice to the generality of the aspects to be considered.
10. The concerned banking company shall furnish its comments to the Reserve Bank, after considering all relevant aspects, along with a copy of the relevant board resolution and information in [Form A1](#) specified in these Directions, within 30 days of receipt of the reference from the Reserve Bank.

⁴ Amended w.e.f. October 1, 2026, vide Reserve Bank of India (Commercial Banks - Acquisition and Holding of Shares or Voting Rights) Amendment Directions, 2026 dated October 1, 2026



11. The Reserve Bank would undertake due diligence to assess the 'fit and proper' status of the applicant.
12. The decision of the Reserve Bank to (i) accord or deny permission or (ii) accord permission for acquisition of a lower quantum of aggregate holding than that has been applied for, shall be binding on the applicant and the concerned banking company.
13. The Reserve Bank may impose such conditions on the applicant and the concerned banking company as deemed fit while according the permission.
14. Subsequent to such acquisition, if at any point in time the aggregate holding falls below five per cent, the person will be required to seek fresh approval from the Reserve Bank if the person intends to again raise the aggregate holding to five percent or more of the paid-up share capital or total voting rights of the banking company (as per sub-section (1) of Section 12B of Banking Regulation Act, 1949).

⁵*Provided that* the Reserve Bank may, at its discretion and based on an application made through [PRAVAAH](#), grant one-time approval to qualifying persons, either individually or collectively, for subsequent acquisitions of major shareholding up to 10 per cent of the paid-up share capital or voting rights of a banking company, subject to the following:

- (1) The concerned banking company shall furnish its comments to the Reserve Bank in [Form A1](#) in the same manner as specified in paragraph 10 above.
- (2) The one-time approval shall be subject to conditions specified in the approval and all other applicable provisions of these directions.
- (3) Such one-time approval granted to a qualifying person may be revoked by the Reserve Bank in the event of non-compliance with the terms and conditions of the approval, or if the qualifying person or any person associated with them is subsequently found to be not 'fit and proper'.

Explanation (1) The computation of major shareholding limit of up to 10 per cent of the paid-up share capital or voting rights under the one-time approval shall be on an 'aggregate basis' as per paragraph 4(2) of these directions.

⁵ Inserted w.e.f. October 1, 2026, vide Reserve Bank of India (Commercial Banks - Acquisition and Holding of Shares or Voting Rights) Amendment Directions, 2026 dated October 1, 2026



Explanation (2) Application for such one-time approval can also be made by a bank on behalf of a qualifying person belonging to the promoter group or group of the bank.

15. The persons from Financial Action Task Force (FATF) non-compliant jurisdictions shall not be permitted to acquire major shareholding in a banking company.

Explanation (1) FATF non-compliant jurisdictions shall include high-risk jurisdictions subject to a call for action, and jurisdictions under increased monitoring.

Explanation (2) The restriction in paragraph 15 shall also apply to various jurisdictions through which the funds for investments are routed.

16. The existing major shareholders from such FATF non-compliant jurisdictions will, however, be allowed to continue with their investment, provided that there shall not be any further acquisition without prior approval of the Reserve Bank. Reserve Bank may, however, at any point of time, consider the fitness of such persons holding shares and pass appropriate orders on their permissible voting rights in accordance with the law and applicable rules.



Chapter III- Continuous Monitoring Arrangements

A. Due diligence

17. A banking company shall continuously monitor that the following persons are 'fit and proper' on an ongoing basis:

- (1) its major shareholders, including promoter(s) with major shareholding, who have completed the approved acquisition;
- (2) those applicants for whom comments have been provided by the concerned banking company to the Reserve Bank for approval to have major shareholding;
- (3) those applicants who have been approved by the Reserve Bank to have major shareholding but are yet to complete the approved acquisition, subject to any validity period for the approval granted by the Reserve Bank under sub-section (4) of Section 12B of Banking Regulation Act, 1949; and
- (4) ⁶qualifying persons with one-time approval.

18. In addition to the requirements in paragraph 17, a banking company shall:

- (1) put in place a mechanism to obtain information on a continuous basis on any changes in the information provided in [Form A](#) appended to the '[Guidelines](#)' or any other development which may have a bearing on the 'fit and proper' status of major shareholders / applicants ⁷/ qualifying persons with one-time approval;
- (2) examine any concern/information regarding the major shareholders/ applicants ⁸/ qualifying persons with one-time approval that could render such persons not 'fit and proper' to continue as/ become major shareholder and immediately furnish the report on the same to the Reserve Bank;
- (3) obtain, within one month of the close of financial year, a report on any changes in the information provided in [Form A](#) appended to the '[Guidelines](#)' from the

⁶ Inserted w.e.f. October 1, 2026, vide Reserve Bank of India (Commercial Banks - Acquisition and Holding of Shares or Voting Rights) Amendment Directions, 2026 dated October 1, 2026

⁷ Amended w.e.f. October 1, 2026, vide Reserve Bank of India (Commercial Banks - Acquisition and Holding of Shares or Voting Rights) Amendment Directions, 2026 dated October 1, 2026

⁸ Amended w.e.f. October 1, 2026, vide Reserve Bank of India (Commercial Banks - Acquisition and Holding of Shares or Voting Rights) Amendment Directions, 2026 dated October 1, 2026



major shareholders / applicants ^{9/} qualifying persons with one-time approval, and

(4) make an assessment about the 'fit and proper' status of such person(s) in the light of information provided and its own investigations and forward the comments of its Board regarding the 'fit and proper' status of its major shareholders / applicants ^{10/} qualifying persons with one-time approval, to the Department of Regulation, Reserve Bank of India, not later than September 30 every year.

19. A banking company shall put in place a mechanism to obtain information on any change in Significant Beneficial Owner or acquisition by a person to the extent of 10 per cent or more of paid-up equity share capital of the major shareholder ^{11/} qualifying person with one-time approval. In seeking the information, the banking company shall also be guided by the information sought in [Form A](#) appended to the '[Guidelines](#)'.

20. Based on the information so received, the concerned banking company shall conduct requisite due diligence to ascertain whether the major shareholder ^{12/} qualifying person with one-time approval continues to be 'fit and proper'.

21. A banking company shall submit a brief report on such changes, along with the Board note and resolution, to Department of Regulation, Reserve Bank of India, within 30 days from receipt of such information.

B. Detecting violation of Section 12B (1) of the B R Act, 1949

22. A banking company shall establish a continuous monitoring mechanism to ascertain that a major shareholder has obtained prior approval of the Reserve Bank for the shareholding/voting rights. Any violation of sub-section (1) of section 12B of Banking Regulation Act, 1949 shall be immediately brought to the notice of the Reserve Bank.

⁹ Amended w.e.f. October 1, 2026, vide Reserve Bank of India (Commercial Banks - Acquisition and Holding of Shares or Voting Rights) Amendment Directions, 2026 dated October 1, 2026

¹⁰ Amended w.e.f. October 1, 2026, vide Reserve Bank of India (Commercial Banks - Acquisition and Holding of Shares or Voting Rights) Amendment Directions, 2026 dated October 1, 2026

¹¹ Amended w.e.f. October 1, 2026, vide Reserve Bank of India (Commercial Banks - Acquisition and Holding of Shares or Voting Rights) Amendment Directions, 2026 dated October 1, 2026

¹² Amended w.e.f. October 1, 2026, vide Reserve Bank of India (Commercial Banks - Acquisition and Holding of Shares or Voting Rights) Amendment Directions, 2026 dated October 1, 2026



23. Any major shareholder, who is covered under sub-section (3) of section 12B of the Banking Regulation Act, 1949, and has not obtained prior approval of the Reserve Bank, can exercise voting rights only after obtaining the approval of Reserve Bank for major shareholding.

Explanation: The major shareholder for this purpose shall also include one acquiring share or entitled to exercise voting rights through invocation of encumbrance of shares.

24. Even when the acquisition / aggregate holding is less than five per cent of paid-up share capital or voting rights of a banking company, a reference shall be made to the Reserve Bank by the banking company along with a copy of board resolution and necessary documents, if it has reason to believe that the methods adopted are meant to circumvent the statutory requirements.
25. A banking company shall submit periodical reports on the continuous monitoring arrangements to its Board, which inter alia, shall include assessment of compliance to sub-section (5) of Section 12B of the Banking Regulation Act, 1949.

C. Reporting requirements

26. After issue and allotment of shares, a banking company shall report the details in the [Form A2](#) specified in these directions within 14 days of completion of the allotment process. The banking company shall also ensure that the limits approved by the Reserve Bank for a person shall not be breached.

Explanation: A banking company has general permission for issue of shares subject to various conditions such as FEMA, 1999, SEBI regulations, provisions of Companies Act and rules made thereunder, etc.

27. The banking company shall forward the details on encumbrance of shares reported by promoter(s) and promoter group, in [Form B](#) appended to the '[Guidelines](#)', to the Department of Supervision, Reserve Bank of India, within one working day.

Explanation: Promoter and promoter group has the same meaning as stated in [Reserve Bank of India \(Universal Banks – Licensing\) Guidelines, 2025](#), amended from time to time).



28. The banking company shall place a report on the said encumbrance of shares before its Board and submit a report to Department of Regulation, Reserve Bank of India within 30 days from the date of encumbrance of shares.



Chapter IV- Repeal and Other Provisions

A. Repeal and saving

29. With the issue of these Directions, the existing Directions, instructions, and guidelines relating to Acquisition and Holding of Shares or Voting Rights as applicable to Commercial Banks stands repealed, as communicated vide circular [DOR.RRC.REC.302/33-01-010/2025-26](#) dated **November 28, 2025**. The Directions, instructions and guidelines repealed prior to the issuance of these Directions shall continue to remain repealed.
30. Notwithstanding such repeal, any action taken or purported to have been taken, or initiated under the repealed Directions, instructions or guidelines shall continue to be governed by the provisions thereof. All approvals or acknowledgments granted under these repealed lists shall be deemed as governed by these Directions. Further, the repeal of these directions, instructions, or guidelines shall not in any way prejudicially affect:
- a. any right, obligation or liability acquired, accrued, or incurred thereunder;
 - b. any, penalty, forfeiture, or punishment incurred in respect of any contravention committed thereunder;
 - c. any investigation, legal proceeding, or remedy in respect of any such right, privilege, obligation, liability, penalty, forfeiture, or punishment as aforesaid; and any such investigation, legal proceedings or remedy may be instituted, continued, or enforced and any such penalty, forfeiture or punishment may be imposed as if those directions, instructions, or guidelines had not been repealed.

B. Application of other laws not barred

31. The provisions of these Directions shall be in addition to, and not in derogation of the provisions of any other laws, rules, regulations, or directions, for the time being in force.

C. Interpretations

32. For the purpose of giving effect to the provisions of these Directions or in order to remove any difficulties in the application or interpretation of the provisions of these Directions, the RBI may, if it considers necessary, issue necessary clarifications in



respect of any matter covered herein and the interpretation of any provision of these Directions given by the RBI shall be final and binding.

(Scenta Joy)

Chief General Manager



Form A1

Comments of the banking company on 'Major Shareholding'

1	Name of the banking company	
2	Applicant's track record on integrity and reputation	
3	Report of the banking company on the proposed acquisition (based on a review by the board)	
4	In case of non-resident investors, declaration of the banking company regarding compliance with the relevant provisions of FEMA 1999	
5	Whether the applicant or persons / entities listed at Sr. No. 9 and 33 of Form A appended to the ' Guidelines ' been subjected to any proceedings of serious nature	
6	Whether the applicant or persons / entities listed at Sr. No. 9 and 33 of Form A appended to the ' Guidelines ' meet the fit and proper criteria of the banking company	
7	Does the board consider/suspect the proposed acquisition as an attempt for takeover or for destabilisation of the management. If so, full details to be provided.	
8	Name of person(s) holding only voting rights in the banking company (To be listed along with the percentage of voting rights)	

Encl:

1. Report of the banking company
2. Copy of the board resolution

Name of Authorised Signatory of the banking company

Signature of Authorised Signatory

Date:

Place:



Form A2

Details of issue of shares and aggregate holding

Name of the banking company:

1) Details of issue of shares

Sr. No	Date of the issue	Type of the issue	Size of the issue				Paid up capital	
			No. of shares	Face value of each share	Premium on each share	Amount raised	Pre- issue	Post- issue

2) Details of aggregate holding of five per cent or more of paid-up share capital or voting rights post issue of shares

Sr. No	Name of the Major shareholder	Aggregate holding of the Major Shareholder as a percentage of paid-up share capital or total voting rights prior to issue of shares	Aggregate holding of the Major Shareholder as a percentage of paid- up share capital or total voting rights post issue of shares	Date of RBI approval for major shareholding

Explanation: In case the holding of the major shareholder in percentage of paid-up share capital is different from the percentage of voting rights of the banking company, the same may be indicated separately.

Encl:

- 1) copy of the board / shareholder resolution
- 2) Copy of the prospectus / offer document

Name of Authorised Signatory of the banking company

Signature of Authorised Signatory

Date:

Place:



Annex I

Guidelines on Acquisition and Holding of Shares or Voting Rights in Banking Companies

A. Prior approval for acquisition of shares or voting rights in a banking company

1. In terms of sub-section (1) of Section 12B of Banking Regulation Act, 1949, every person, who intends to acquire shares or voting rights and intends to be a major shareholder of a banking company, is required to obtain previous approval of the Reserve Bank.
 2. The person, who intends to be a major shareholder of a banking company, is required to make an application, through [PRAVAAH](#), to the Reserve Bank along with the declaration in [Form A](#).
 3. The Reserve Bank would undertake a due diligence to assess the 'fit and proper' status of the applicant. It will be open to the Reserve Bank to seek additional information / documents from the applicant / concerned banking company and make such enquiries with regulators, revenue authorities, investigation agencies, credit rating agencies or any other persons as considered appropriate.
 4. While granting approvals, the Reserve Bank may specify conditions under sub-section (4) of Section 12B of Banking Regulation Act, 1949, including a validity period for completing such acquisition.
 5. Subsequent to such acquisition, if at any point in time the aggregate holding of the person falls below five per cent, as per sub-section (1) of Section 12B of B R Act, 1949, the person will be required to again obtain prior approval from the Reserve Bank to raise the aggregate holding to five per cent or more of total paid-up share capital or voting rights of the banking company.
- 5A.¹³ However, qualifying persons, as defined at paragraph 6A of the directions, can seek one-time approval, either individually or collectively, from the Reserve Bank

¹³ Inserted w.e.f. October 1, 2026, vide Reserve Bank of India (Commercial Banks - Acquisition and Holding of Shares or Voting Rights) Amendment Directions, 2026 dated October 1, 2026



for subsequent acquisitions of major shareholding up to 10 per cent of the paid-up share capital or voting rights of a banking company as per the following guidelines:

- (1) Qualifying persons are required to make an application, through [PRAVAAH](#), to the Reserve Bank along with the declaration in [Form A](#). Application for such one-time approval can also be made by a bank on behalf of a qualifying person belonging to the promoter group or group of the bank.
 - (2) The one-time approval shall be subject to conditions specified in the approval and all other applicable provisions of these directions.
 - (3) Such one-time approval granted to a qualifying person may be revoked by the Reserve Bank in the event of non-compliance with the terms and conditions of the approval, or if the qualifying person or any person associated with them is subsequently found to be not 'fit and proper'.
 - (4) The computation of major shareholding limit of up to 10 per cent of the paid-up share capital or voting rights under the one-time approval shall be on an 'aggregate basis' as per paragraph 4(2) of the directions.
6. Any person who intends to acquire shares or voting rights in a banking company beyond the limit for which approval was obtained from the Reserve Bank, is required to apply to the Reserve Bank for prior approval to increase their aggregate holding in the banking company.
7. The persons from Financial Action Task Force (FATF) non-compliant jurisdictions shall not be permitted to acquire major shareholding in the banking company.

Explanation (1) The restriction shall also apply to various jurisdictions through which the funds for investments are routed.

Explanation (2) FATF non-compliant jurisdictions shall include high-risk jurisdictions subject to a call for action, and jurisdictions under increased monitoring.

8. However, the existing major shareholders from such FATF non-compliant jurisdictions would be allowed to continue with their investment, provided that there shall not be any further acquisition without prior approval of the Reserve Bank. The Reserve Bank may, however, review the 'fit and proper' status of such holders of



shares or voting rights at any point of time and may take steps to limit their voting rights in accordance with law.

B. Information to be provided for continuous monitoring

9. In addition to furnishing the information sought by the banking company, major shareholders who have completed the approved acquisition or applicants who have obtained the approval to have major shareholding or applicants who have submitted the application for obtaining the prior approval ¹⁴or qualifying persons with one-time approval, as defined at paragraph 6B of the directions, shall inform the banking company of any change in the information provided in [Form A](#) or any other development which may have a bearing on the 'fit and proper' status.

Explanation: For the purpose of this paragraph, 'approved' shall mean approved by the Reserve Bank.

- 9A. ¹⁵After the initial acquisition of major shareholding, major shareholders who have obtained one-time approval and qualifying persons with one-time approval shall report decrease or increase of the aggregate holding to below or above five per cent of total paid-up share capital or voting rights of the banking company, respectively, to the Reserve Bank and the concerned banking company within three working days of such an event.

C. Limits on shareholding

10. Permission of the Reserve Bank to acquire shares or voting rights in a banking company shall be subject to the following limits:

(1) Non-promoter:

- (i) 10 per cent of the paid-up share capital or voting rights of the banking company in case of natural persons, non-financial institutions, financial institutions directly or indirectly connected with Large Industrial Houses and financial

¹⁴ Amended w.e.f. October 1, 2026, vide Reserve Bank of India (Commercial Banks - Acquisition and Holding of Shares or Voting Rights) Amendment Directions, 2026 dated October 1, 2026

¹⁵ Inserted w.e.f. October 1, 2026, vide Reserve Bank of India (Commercial Banks - Acquisition and Holding of Shares or Voting Rights) Amendment Directions, 2026 dated October 1, 2026



institutions that are owned to the extent of 50 per cent or more or controlled by individuals (including the relatives and persons acting in concert), or

Explanation: (a) For the definition of 'Large Industrial Houses,' reference may be made to the [Reserve Bank of India \(Universal Banks – Licensing\) Guidelines, 2025](#).

(b) the shareholding in banks by such financial institutions (i.e., those owned to the extent of 50 per cent or more or controlled by individuals) would be deemed to be by a natural person for the purpose of these Guidelines.

(ii) 15 per cent of the paid-up share capital or voting rights of the banking company in case of financial institutions (excluding those mentioned in paragraph 10(1)(i) above), supranational institutions, public sector undertaking and central/state government.

(2) Promoter: 26 per cent of the paid-up share capital or voting rights of the banking company after the completion of 15 years from commencement of business of the banking company.

11. During the period prior to the completion of the 15 years, the promoters of banking companies may be allowed to hold a higher percentage of shareholding as part of the licensing conditions or as part of the shareholding dilution plan submitted by the banking company and approved by the Reserve Bank with such conditions as deemed fit.

Explanation: The shareholding dilution plan is aimed at ensuring diversified shareholding. It is not just limited to promoters but also include non-promoter with shareholding higher than the limits prescribed in paragraph 10(1) of these Guidelines.

12. Reserve Bank may also permit higher shareholding [than the limits prescribed in paragraph 10 above] on a case-to-case basis under circumstances such as relinquishment by existing promoters, supervisory intervention including under Prompt Corrective Action, reconstruction/restructuring of banks, entrenchment of existing promoters or any other action in the interest of the banking company and its depositors or in the interest of consolidation in the banking sector, etc. While



allowing such higher shareholding, Reserve Bank may impose conditions as deemed fit (including dilution of such higher shareholding within a timeline).

13. In specific cases where State Government / Central Government / Union Territory / Public Sector Undertaking / Public Financial Institution / specifically permitted investors are promoters of banking companies or have been specifically permitted by Reserve Bank to hold a higher shareholding as promoter/non-promoter in certain special circumstances, Reserve Bank may prescribe a differentiated shareholding dilution plan for such holdings.

D. Lock-in requirement

14. In case of a person permitted by the Reserve Bank to have a shareholding of 10 per cent or more of the paid-up equity share capital of the banking company but less than 40 per cent of the paid-up equity share capital, the shares acquired shall remain under lock-in for first five years from the date of completion of acquisition. In case of any person permitted to have a shareholding of 40 per cent or more of the paid-up equity share capital of the banking company, only 40 per cent of paid-up equity share capital shall remain under lock-in for first five years from the date of completion of acquisition.

Explanation: Paid-up voting equity share capital refers to paid up equity share capital, as preference share capital in banking companies cannot have voting rights as per the BR Act.

15. The shares which are under lock-in, shall not be encumbered under any circumstances. Promoter(s) and promoter group are required to report details of creation/invoke/release of encumbrance on shares which are not under lock-in to the banking company within two working days of such an event in the format specified in [Form B](#).

16. After the end of the lock-in period, there is no requirement for any minimum shareholding.

E. Ceiling on voting rights

17. As per the provisions of sub-section (2) of Section 12 of B R Act, 1949, read with gazette notification DBR.PSBD.No.1084/16.13.100/2016-17 dated July 21, 2016,



no shareholder in a banking company can exercise voting rights on poll in excess of 26 per cent of total voting rights of all the shareholders of the banking company.

Explanation: “Total voting rights” shall include voting rights against all shares issued by the banking company and is not restricted to ‘exercisable’ voting rights arrived at after cutting off the rights beyond the maximum limit that can be exercised by a single holder. Thus, the percentage of voting rights exercisable has to be worked out in relation to the total number of shares carrying voting rights assuming that there are no restrictions.

18. Depository can exercise voting rights on behalf of the Depository Receipts (DR) holder only in cases where it can be demonstrated that their holdings on behalf of DR holder is in conformity with Section 12B of B R Act, 1949, and the Depository exercises voting rights pursuant to voting instructions from the DR holder. The changes in the depository agreements shall require the prior approval of the Reserve Bank.

19. In case of person(s) holding beneficial interest attached to shares, the voting rights can be exercised only in cases where it can be demonstrated that the aggregate holding is in conformity with Section 12B of B R Act, 1949.

Explanation: Beneficial interest has the same meaning as stated in Section 89 of the Companies Act, 2013 and rules framed thereunder.

20. A person can exercise voting rights on behalf of registered shareholders only in cases where it can be demonstrated that their aggregate voting rights is in conformity with Section 12B of B R Act, 1949.

21. Any major shareholder (including acquisition of shares or entitlement to exercise voting rights in cases involving invocation of encumbrance of shares) who is covered by sub-section (3) of section 12B of the B R Act, 1949, and has not obtained prior approval of the Reserve Bank, can exercise voting rights only after obtaining the approval of Reserve Bank for major shareholding.



Form A

Declaration to be submitted by the applicants

Name of the banking company in which acquisition is sought:

Sr. No.	Nature of declaration	Declaration/Comments
1	Name of the applicant (including previous names, if any)	
2	Promoter of the applicant, if any	
3	Present and permanent address of the applicant	
4	Significant Beneficial Owner (SBO) of the applicant	
5	Citizenship and Resident status [in case of an individual; ownership and control status in case of an entity (as per FEMA)].	
6	Occupation of the applicant (individual) / Nature of business of the entity including the category of applicant i.e., Financial institution / non-financial institution / supra national institutions / public sector undertaking / Government	
7	If the applicant is an entity, list of persons holding one per cent or more of the shareholding / voting rights in the applicant	
8	Details of “proposed acquisition” by the applicant and “existing aggregate holding” in the banking company (name of the shareholder with number of shares, percentage of paid-up share capital and percentage of voting rights).	
9	a) List of “relatives” of the applicant b) List of “persons acting in concert” with the applicant c) List of “associate enterprises” of the applicant with their name, shareholding / voting rights (if any) in the banking company in number and percentage of total paid-up share capital or voting rights.	
10	Details of the applicant and persons listed at Sr. No. 9 above regarding - date of birth / incorporation, Registered Office address, nature of business activity, PAN no., TAN No., CIN No. / DIN No., income tax circle, name of the regulator, type of registration, bank, branch and account number (including credit facilities and non-fund-based facilities), net worth, total assets, credit rating / credit score. (May be given in a separate annexure)	
11	Source of funds for proposed acquisition of aggregate holding in the banking company (Duly certified by the Chartered Accountant)	
12	Total net worth, assets, profitability and average income of the applicant over the last five years (Duly certified by the Chartered Accountant).	



Sr. No.	Nature of declaration	Declaration/Comments
13	A summary of agreement/shareholder agreement (May be given in annexure with a copy of the agreement)	
14	Whether the applicant or any of the persons / entities listed at Sr. No. 9 above been adjudged insolvent at any time?	
15	If the applicant, or any of the persons listed at Sr. No. 9 above is a member of a professional association / body, details of disciplinary action, if any, pending or commenced or resulting in conviction in the past against him / her or whether he/she has been banned from entry into/ continuing in any profession / occupation at any time.	
16	Whether the applicant or any of the persons listed at Sr. No. 9 above been subject to any investigation by any government department or agency, including issuance of Show Cause Notice? (Though it shall not be necessary for a person to mention in the column about orders and findings made by regulators which have been later reversed / set aside in toto, it would be necessary to make a mention of the same in case the reversal / setting aside is on technical reasons like limitation or lack of jurisdiction, etc., and not on merit. If the order of the regulator is temporarily stayed and the appellate / court proceedings are pending, the same should also be mentioned).	
17	Details of adverse notice of any authority/ regulator including show cause notice or disciplinary action or prosecution, if any, pending or commenced or resulting in conviction in the past against any of the persons listed at Sr. No. 9 above for violation of any laws, rules and/or regulations.	
18	In case of non-resident investors, whether the proposed acquisition/ investment is in compliance with the relevant provisions of FEMA, 1999 and the rules/regulations framed thereunder?	
19	Whether the applicant, or persons/ listed at Sr. No. 9 above has been convicted for any offence under any legislation designed to protect members of the public from financial loss due to dishonesty, incompetence or malpractice?	
20	Whether any other person has beneficial interest in the proposed acquisition/existing holding (if applicable)?	
21	Details of shareholding / voting rights / compulsorily convertible debentures / bonds of the applicant, his relatives, associate enterprises and persons acting in concert in other banks and other financial institutions.	
22	If the applicant or persons/entities listed in at Sr. No. 9 above are a regulated entity, names and addresses of their regulators in India and abroad.	



Sr. No.	Nature of declaration	Declaration/Comments
23	Whether the applicant or persons/entities listed in at Sr. No. 9 above is financial institution / supranational institution / Government / public sector undertaking?	
24	Whether the applicant or persons/entities listed in at Sr. No. 9 above is listed? If yes, mention stock exchanges and the extent of public shareholding?	
25	Income Tax returns and financial statements of the applicant for the last three years (To be attached).	
26	Any other explanation / information regarding items above considered relevant for assessing "fit and proper" status of the applicant and persons/entities listed at Sr. No. 9 above.	
27	Whether the applicant intends to have a Board representation in the banking company?	
28	Timeline by which the applicant intends to complete the proposed acquisition of shareholding in the bank.	
29	Purpose for acquiring shareholding or voting rights in the banking company.	
30	Where there are more than two layers between the applicant and the ultimate beneficial owners? The reasons for such layering.	
31	Whether the proposed investment is from or through FATF non-compliant jurisdictions?	
Additional information to be submitted by the applicants/persons/major shareholders intending to acquire aggregate holding of 10 percent or more in the banking company ¹⁶and by the qualifying persons seeking one-time approval / who have obtained one-time approval		
32	Details of capital raised by the applicant during the past five years	
33	a) List of persons / entities which hold 10 per cent or more of the paid-up share capital of the applicant. b) List of HUFs where the applicant or his family member is a member / Karta Provided, they are eligible to hold 10 per cent or more of the shareholding as per the guidelines. c) List of entities in which the HUF at (b) above is holding 10 per cent or more of the paid-up share capital of that entity. d) List of entities in which the applicant is holding 10 per cent or more of the	

¹⁶ Amended w.e.f. October 1, 2026, vide Reserve Bank of India (Commercial Banks - Acquisition and Holding of Shares or Voting Rights) Amendment Directions, 2026 dated October 1, 2026



	paid-up share capital of such entities. e) Entities, if any, in which the applicant is considered as being interested [Refer Section 184 of Companies Act, 2013]. f) Entities where there are common shareholders of the applicant who hold 20 per cent or more of the paid-up share capital of the applicant and also those entities. g) Joint Venture / Associates (defined under relevant accounting standards) of the applicant. h) Related parties (includes both as defined under Companies Act, 2013/ SEBI LODR and relevant Accounting Standard) of the applicant. i) Entities in which the collective shareholding, by the applicant and persons / entities listed at Sr. No. 9 and from (a) to (h) above, is 10 per cent or more of the paid-up share capital of that entity. j) Entities in which persons / entities listed at Sr. No. 9 and from (a) to (i) above have individually or collectively divested their shareholding to the extent of 10 per cent or more in the past five years.	
34	Details of “acquisition” and “aggregate holding” by persons / entities listed at Sr. No. 33 above (details of - name, shareholding in number of shares and percentage of paid-up share capital and voting rights in the concerned banking company).	
35	Whether the applicant, or any of the persons listed at Sr. No. 33 above been adjudged insolvent at any time?	
36	If any of the persons listed at Sr. No. 33 above is a member of a professional association / body, details of disciplinary action, if any, pending or commenced or resulting in conviction in the past against him / her or whether he / she has been banned from entry into/ continuing in any profession / occupation at any time	
37	Have any of the entities listed at Sr. No. 33 above been subject to any investigation at the instance of any government department or agency? If yes, give full details, with latest status.	
38	Details of adverse notice of any authority / regulator including show cause notice or disciplinary action or prosecution, if any, pending or commenced or resulting in conviction in the past against the persons listed at Sr. No. 33 above for violation of any law, rules and/or regulations. (Though it shall not be necessary for a person to mention in the column about orders and findings made by regulators which have been later on	



	reversed / set aside in toto, it would be necessary to make a mention of the same, in case the reversal / setting aside is on technical reasons like limitation or lack of jurisdiction, etc, and not on merit. If the order of the regulator is temporarily stayed and the appellate / court proceedings are pending, the same also should be mentioned).	
39	Whether any of the persons / entities at Sr. No. 33 above has been convicted for any offence under any legislation designed to protect members of the public from financial loss due to dishonesty, incompetence or malpractice?	
40	Details of representation of the applicant on the Boards of other banks and other institutions in the financial sector.	
41	Whether the applicant is directly or indirectly connected to a Large Industrial House?	
42	Tabulation of details of the date of incorporation, PAN/TAN No., CIN No., DIN No., Registered Office address, nature of business activity, income tax circle, name of the regulator, type of registration, if any, bank, branch and account number (including credit facilities and non-fund based facilities), net worth and total of the entities listed in 33 above (May be given in a separate annexure).	
43	Financial statements of the major entities listed at Sr. No. 33 above (covering at least 50 per cent of the group's total assets) in the group for the last three years.	
44	The business record and experience of the applicant including any experience of acquisition of companies / business.	
45	Any other explanation / information in regard to items above considered relevant for assessing "fit and proper" status of the entities listed at Sr. No. 33 above.	

Undertaking

I confirm that the above information is to the best of my knowledge and belief, true and complete.

I undertake to keep the banking company fully informed, as soon as possible, of all events which take place subsequent to submission of this declaration which are relevant to the information provided above.

Name of the authorized signatory

Signature and stamp of the applicant/authorised representative of applicant

Place:

Date:



Form B
Creation / invocation / release of encumbrance of shares

Name of the banking company:

Date of reporting:

Name of the promoter/promoter group whose shares have been encumbered		
Promoter / Promoter Group holding in the banking company	No. of shares	
	As a percentage of paid-up share capital of the banking company	
Promoter / Promoter Group holdings in the bank which are already encumbered	No. of shares	
	As percentage of total paid-up share capital of the banking company	
Date of creation / invocation / release of encumbrance (strike off the not applicable event)		
Details of creation of encumbrance	No. of shares encumbered	
	Percentage of total paid-up share capital of the bank encumbered	
	Name of the person in whose favor shares have been encumbered	
	Name of the person with whom the voting rights are vested	
	Purpose of raising funds	
Details of invocation of encumbrance such as name of the person who invoked, no. of share subjected to invocation, etc.		
Post event of creation / release / invocation	Number of shares continue to be encumbered by promoter and promoter group	
	Percentage of paid-up share capital of the banking company continue to be encumbered by promoter and promoter group	

(Name and signature of the authorised signatory)

Date:

Place: