

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

Mergers & Acquisitions

July 11, 2025

New Age of Franchising

June 20, 2025

Life Sciences 2025

June 11, 2025

Research Articles

2025 Watchlist: Life Sciences Sector India

April 04, 2025

Re-Evaluating Press Note 3 Of 2020: Should India's Land Borders Still Define Foreign Investment Boundaries?

February 04, 2025

INDIA 2025: The Emerging Powerhouse for Private Equity and M&A Deals

January 15, 2025

Audio

CCI's Deal Value Test

February 22, 2025

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

NDA Connect

Connect with us at events, conferences and seminars.

NDA Hotline

Click here to view Hotline archives.

Video

Reimagining CSR: From Grant Giving to Blended Finance & Outcome Based Funding

June 16, 2025

Courts vs Bankruptcy code: The

