

Notification No. FEMA 389(1)/2026-RB

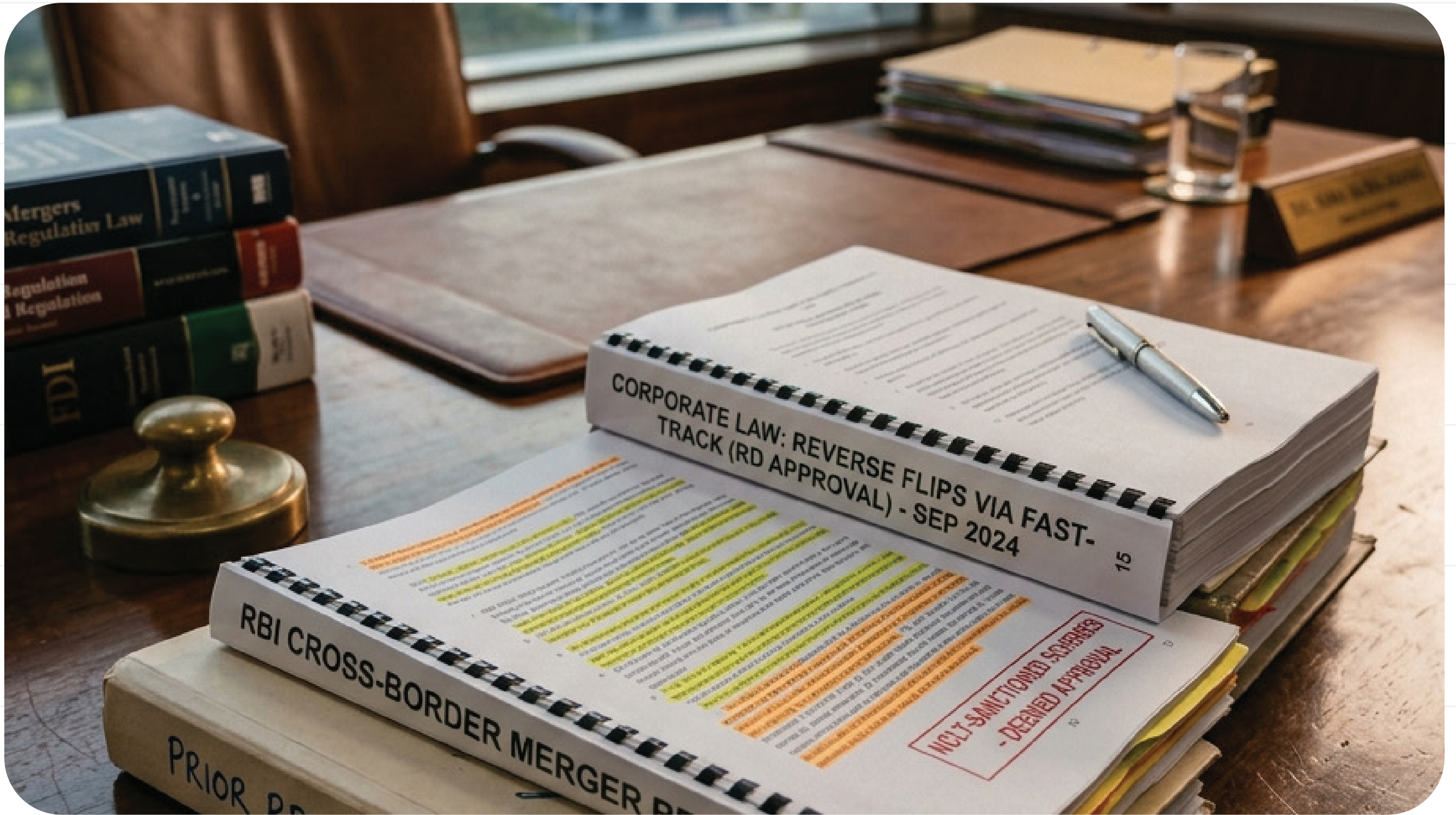
# CROSS BORDER MERGER UPDATES

Institutionalizing Parity in  
Fast-Track Mergers



# The Procedural Bottleneck

MMJC



- In September 2024, Corporate Law allowed Reverse Flips via the Fast-Track route (Regional Director approval).
- **The Conflict:** RBI Cross Border Merger Regulations only recognized "Deemed Approval" for NCLT-sanctioned schemes.
- **The Repercussion:** Companies using the faster RD route were forced into Prior RBI Approval processes



# What Was Amended?

Notification No. FEMA 389(1)/2026-RB

MMJC

## **Term Substitution**

Removal of the restrictive "NCLT" terminology.  
Replaced globally with the broader term  
Competent Authority".

## **Expanded Scope**

Definition of 'Competent Authority' now includes  
any authority empowered under the Companies  
Act, 2013 or its subordinate legislation.

## **Route Inclusivity**

Definition of 'Competent Authority' now includes  
any authority empowered under the Companies  
Act, 2013 or its subordinate legislation.



# Why it was amended?

MMJC



The amendment resolves an unintended procedural distinction that penalized companies choosing the Fast-Track route.

## Primary Drivers:

- ✓ **Regulatory Parity:** Equalizes the status of RD and NCLT approvals for FEMA purposes.
- ✓ **Operational Speed:** Restores the true "Fast" in Fast-Track mergers by removing the Prior RBI Approval
- ✓ **Certainty:** Codifies the "Deemed Approval" mechanism for all competent authorities.

**0**

**Prior RBI Approvals  
Required**

**100%**

**Regulatory Alignment**

The "Competent Authority" umbrella now seamlessly integrates RD approvals into the Deemed Approval framework

# Impact On Reverse Flips:

MMJC



For Indian startups and MNCs seeking to relocate their holding structure to India:

- ✓ **Reduced Transaction Cost:** Eliminates the need for complex regulatory filings with the RBI.
- ✓ **Inbound Confidence:** Simplifies the entry of foreign holding entities merging into Indian WOS.
- ✓ **Administrative Ease:** Filing the scheme with the RD is also now sufficient for FEMA compliance