Banking Laws (Amendment) Act, 2012, (Central)

Section 3 - Amendment of Section 12

In section 12 of the principal Act,--

(A) in sub-section (1) --

(i) for clause (ii), the following clause shall be substituted, namely:--

"(ii) that, notwithstanding anything contained in the Companies Act, 1956(1 of 1956), the capital of such banking company consists of--

(a) equity shares only; or

(b) equity shares and preference shares:

Provided that the issue of preference share shall be in accordance with the guidelines framed by the Reserve Bank specifying the class of preference shares, the extent of issue of each class of such preference shares (whether perpetual or irredeemable or redeemable), and the terms and conditions subject to which each class of preference shares may be issued:

Provided further that no holder of the preference share, issued by the company, shall be entitled to exercise the voting right specified in clause (b) of sub-section (2) of section 87 of the Companies Act, 1956(1 of 1956);";

(ii) the proviso shall be omitted;

(B) in sub-section (2), the following proviso shall be inserted, namely:--

"Provided that the Reserve Bank may increase, in a phased manner, such ceiling on voting rights from ten per cent. to twenty-six per cent.".