

**Foreign Exchange Management (Transfer or Issue of
any foreign security) (Amendment) Regulations, 2002**

RESERVE BANK OF INDIA
(EXCHANGE CONTROL DEPARTMENT)
CENTRAL OFFICE
MUMBAI 400 001

Notification No.FEMA. 59 /2002-RB

dated April 24, 2002

**Foreign Exchange Management (Transfer or Issue of
any foreign security) (Amendment) Regulations, 2002**

In exercise of the powers conferred by clause (a) of sub-section (3) of Section 6 and Section 47 of the Foreign Exchange Management Act, 1999 (42 of 1999) and in partial modification of its Notification No.FEMA.19/RB-2000 dated May 3, 2000, the Reserve Bank of India makes the following Regulations to amend the Foreign Exchange Management (Transfer or Issue of any Foreign Security) Regulations, 2000, as amended from time to time, namely :

1. (a) These Regulations shall be called the Foreign Exchange Management (Transfer or Issue of any Foreign Security) (Fifth Amendment) Regulations, 2002.

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

2. In the Foreign Exchange Management (Transfer or Issue of any Foreign Security) Regulations, 2000

(1) In Regulation 21,

(i) clauses (a) (b) of sub-regulation (1) may be substituted by the following :

(a) A person resident in India being an individual may acquire foreign securities as qualification shares issued by a company incorporated outside India for holding the post of a director in the company :-

provided that

(i) the number of shares so acquired shall be the minimum required to be held for holding the post of director and in any case shall not exceed 1% of the paid-up capital of the company, and

(ii) the consideration for acquisition of such shares does not exceed US\$ 20,000 (Twenty Thousand only) in a calendar year.

(b) A person resident in India being an individual seeking to acquire qualification shares in a company outside India beyond the limits laid down in the proviso to clause (a) shall apply to the Reserve Bank for prior approval.

(ii) The following shall be inserted as clause (c) in sub-regulation (1) and the existing clause (c) shall be relettered as (d).

(c) "A person resident In India, being an individual, may acquire foreign securities by way of rights shares in a company incorporated outside India :-

Provided that the right shares are being issued by virtue of holding shares in accordance with the provisions of the law for the time being in force.

: 2 :

(2) The following shall be inserted as proviso to Regulation 16

"Provided that a person resident in India, being an individual, holding qualification shares or rights shares in a company incorporated outside India acquired in terms of clauses (a) and (c) of Regulation 21 may sell such shares without prior approval."

(K.J.Udeshi)
Executive Director

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Sub-Section (i) dated 08.07.2002 - G.S.R.No.475(E)