



RESERVE BANK OF INDIA
Foreign Exchange Department
Central Office
Mumbai - 400 001

RBI/2012-13/178

A. P. (DIR Series) Circular No. 19

August 28, 2012

To,

All Category – I Authorised Dealer banks

Madam / Sir,

Issue of Indian Depository Receipts (IDRs)-Limited two way fungibility

Attention of Authorised Dealers Category – I (AD Category - I) banks is invited to [A.P. \(DIR Series\) Circular No.5 dated July 22, 2009](#), in terms of which, the guidelines regarding issue of IDRs by eligible companies resident outside India have been laid out.

2. It has now been decided to allow a limited two way fungibility for IDRs (similar to the limited two way fungibility facility available for ADRs/GDRs) subject to the following terms and conditions:

- i. The conversion of IDRs into underlying equity shares would be governed by the conditions mentioned in paras 6 and 7 of A.P. (DIR Series) Circular No. 5 dated July 22, 2009.
- ii. Fresh IDRs would continue to be issued in terms of the provisions of A.P. (DIR Series) Circular No. 5 dated July 22, 2009.
- iii. The re-issuance of IDRs would be allowed only to the extent of IDRs that have been redeemed /converted into underlying shares and sold.
- iv. There would be an overall cap of USD 5 billion for raising of capital by issuance of IDRs by eligible foreign companies in Indian markets. This cap would be akin to the caps imposed for FII investment in debt securities and would be monitored by SEBI. Accordingly, Para 5 of A.P. (DIR Series) Circular No. 5 dated July 22, 2009 stands amended as above.

3. The issuance, redemption and fungibility of IDRs would also be subject to the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from

time to time as well as other relevant guidelines issued in this regard by the Government, the SEBI and the RBI from time to time.

4.AD Category - I banks may bring the contents of the circular to the notice of their customers/constituents concerned.

5. Necessary amendments to Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 ([Notification No. FEMA 20/2000-RB dated May 3, 2000](#)) are being notified separately.

6. The directions contained in this circular have been issued under Sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Rudra Narayan Kar)
Chief General Manager