

**RESERVE BANK OF INDIA  
FOREIGN EXCHANGE DEPARTMENT  
CENTRAL OFFICE  
MUMBAI**

**Notification No. FEMA 191 / RB-2009**

**Dated May 20, 2009**

**Foreign Exchange Management (Foreign Exchange Derivative Contracts)  
(Amendment) Regulations, 2009.**

In exercise of the powers conferred by clause (h) of sub-section (2) of Section 47 of the Foreign Exchange Management Act, 1999 (42 of 1999), the Reserve Bank hereby makes the following amendments in the Foreign Exchange Management (Foreign Exchange Derivative Contracts) Regulations, 2000, ([Notification No. FEMA 25/RB-2000 dated May 3, 2000](#)), namely:-

**1. Short Title and Commencement:**

(i) These Regulations may be called the Foreign Exchange Management (Foreign Exchange Derivative Contracts) (Amendment) Regulations, 2009.

(ii) They shall be deemed to have come in to effect from the 4<sup>th</sup> day of February, 2009 @.

**2. Amendment of Regulation -** In the Foreign Exchange Management (Foreign Exchange Derivative Contracts) Regulations, 2000 ([Notification No. FEMA 25/RB-2000 dated May 3, 2000](#)), after Regulation 6, the following new regulation shall be inserted namely :-

**" Freight" hedge**

**6A. (i)** Reserve Bank may, on an application made in accordance with such procedure as may be directed by Reserve Bank, permit a person resident in India, subject to such terms and conditions as may be considered necessary, to enter in to a **freight derivative** contract in an exchange or a market out side India to hedge the freight risk such person is exposed to.

(ii) Notwithstanding anything contained in sub regulation (i) an authorised dealer in India specially authorised by the Reserve Bank under sub-regulation (ii) of Regulation 6 may permit an oil refining company or a shipping company, resident in India, to enter in to freight derivative contracts in an exchange or market outside India, to hedge the freight risk which the company is exposed to, subject to such terms and conditions as may be stipulated by the Reserve Bank from time to time.

**Provided** that such authorised dealer category-I bank shall exercise the authority subject to directions and guidelines issued to them by the reserve Bank in that behalf."

**(Salim Gangadharan)**  
**Chief General Manager - in - Charge**

**Footnote:-**

1. @ It is clarified that no person will be adversely affected as a result of retrospective effect being given to these regulations.
2. The principal regulations were published in the Official Gazette vide GSR No.411(E) dated May 3, 2000 in Part II, Section 3, sub-section (i) and subsequently amended vide -

GSR No.756(E) dt. 28.9.2000,  
GSR No.264(E) dt. 09.4.2002,  
GSR No.579(E) dt. 19.8.2002,  
GSR No.222(E) dt. 18.3.2003,  
GSR No.532(E) dt. 09.7.2003,  
GSR No.880(E) dt. 11.11.2003,  
GSR No.881(E) dt. 11.11.2003.  
GSR No.750(E) dt. 28.12.2005.  
GSR No.222(E) dt. 19.4.2006,  
GSR No.223(E) dt. 19.4.2006  
GSR No.760(E) dt. 07.12.2007  
GSR.No.577(E) dt. 05.08.2008 and  
GSR.No.....(E) dt. ....

<p><b>Published in the Official Gazette of Government of India – Extraordinary – Part-II, Section 3, Sub-Section (i) dated 23.06.2009 - G.S.R.No. 440 (E)</b></p>
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