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

Notification No. FEMA.225/2012- RB   Dated: March 7, 2012

Foreign Exchange Management (Transfer or Issue of Any Foreign Security) (Amendment) Regulations, 2012

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), the Reserve Bank of India hereby makes the following amendments in the Foreign Exchange Management (Transfer or Issue of Any Foreign Security) Regulations, 2004 (Notification No. FEMA.120/RB-2004, dated July 7, 2004) namely:-

1. Short Title & Commencement:-

   (i)   These Regulations may be called the Foreign Exchange Management (Transfer or Issue of Any Foreign Security) (Amendment) Regulations, 2012.

   (ii)   Save as otherwise provided in these Regulations, the provisions of these Regulations shall be deemed to have come into force with effect from the 22nd day of July, 2009.@

2. Amendment

a) (i) in regulation 2, after clause (e), the following clauses shall be inserted, namely:-

   " (ea) 'Domestic Depository' shall have the same meaning as assigned to it in the Companies (Issue of Indian Depository Receipt) Rules, 2004.

   (eb) "Eligible Company" means a Company eligible to issue Indian Depository Receipts under Rule 4 of the Companies (Issue of Indian Depository Receipts) Rules, 2004."

   (ii) in regulation 2, after clause (j), the following clause shall be inserted, namely:-

" (ja) 'Indian Depository Receipts' shall have the same meaning as assigned to it in the Companies (Issue of Indian Depository Receipt) Rules, 2004."

b) in Regulation 22, after sub-regulation (6), the following sub-regulation (7) shall be inserted, namely :-

" (7)   (i) A Domestic Depository may acquire, hold and transfer equity shares of eligible company resident outside India, being the underlying shares for the purpose of issuing IDRs as may be authorized by such company or its Overseas Custodian Bank.

(ii) A person resident in India may redeem IDRs issued by an eligible company resident outside India through a Domestic Depository, subject to compliance of the following conditions with respect to the underlying shares on redemption :

(a)   Listed Indian companies may either sell or continue to hold the underlying shares subject to the terms and conditions as per Regulations 6B and 7 of the Notification No.FEMA.120/RB-2004 dated July 7, 2004, as amended from time to time,

(b)   Indian Mutual Funds, registered with SEBI may either sell or continue to hold the underlying shares subject to the terms and conditions as per Regulation 6C of the Notification No.FEMA.120/RB-2004 dated July 7, 2004, as amended from time to time.

(c)   Other persons resident in India including resident individuals may hold the underlying shares only for the purpose of sale within a period of 30 days from the date of conversion of the IDRs into underlying shares."

(Meena Hemchandra)
Chief General Manager-in-Charge

Foot Note:

(i) The Foreign Exchange Management (Transfer or Issue of Any Foreign Security) Regulations, 2004 were published in the Official Gazette vide G.S.R.No.757 (E) dated   November   19,   2004   and   subsequently   amended   as   under

G.S.R. No. 220 (E) dated April 7, 2005,
G.S.R. No. 337 (E) dated May 27, 2005,
G.S.R. No. 552 (E) dated August 31, 2005 ,
G.S.R. No. 535 (E) dated September 6, 2006,
G.S.R. No. 13 (E)   dated January 5, 2008,
G.S.R. No. 209 (E) dated March 25, 2008,
G.S.R. No. 676 (E) dated September 24, 2008,
G.S.R. No. 756 (E) dated October 31, 2008,
G.S.R. No. 108(E) dated February 20, 2009
G.S.R. No. 301 (E) dated May 1, 2009
G.S.R. No. 441(E) dated June 23, 2009
G.S.R. No. 609(E) dated August 28, 2009

(ii) @It is clarified that no person will be adversely affected as a result of retrospective effect being given to these Regulations.