



RESERVE BANK OF INDIA
Mumbai - 400 001

RBI/2016-17/216

A.P. (DIR Series) Circular No. 28

January 25, 2017

To

All Category- I Authorised Dealer Banks

Madam / Sir,

Prohibition on Indian Party from making direct investment in countries identified by the Financial Action Task Force (FATF) as “Non Co-operative countries and territories”

Attention of the Authorised Dealer Category - I (AD – Category I) banks is invited to Regulation 6 of [FEMA Notification No. FEMA.120/RB-2004 dated July 07, 2004](#), as amended from time to time.

2. At present, there is no restriction on an Indian Party with regard to the countries, where it can undertake Overseas Direct Investment. In order to align, the instructions with the objectives of FATF, on a review, it has been decided to prohibit an Indian Party from making direct investment in an overseas entity (set up or acquired abroad directly as JV/ WOS or indirectly as step down subsidiary) located in the countries identified by the FATF as “non co-operative countries and territories” as per list available on FATF website www.fatf-gafi.org or as notified by the Reserve Bank of India from time to time.

3. Necessary amendments to the Notification *ibid* have been notified vide [Notification No. FEMA 382/2016-RB dated January 02, 2017](#) c.f. G.S.R. No. 01(E) dated January 02, 2017.

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

5. [Master Direction No.15/2015-16 dated January 01, 2016](#) is being updated to reflect the changes.

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

Yours faithfully,

(Shekhar Bhatnagar)
Chief General Manager-In-Charge