

**Reserve Bank of India
Foreign Exchange Department
Central Office
Mumbai- 400 001**

Notification No. FEMA.254/2013-RB

Dated January 07, 2013

Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) (Amendment) Regulations, 2013

In exercise of the powers conferred by clause (b) 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 Security by a Person Resident outside India) Regulations, 2000 ([Notification No. FEMA. 20/2000-RB dated 3rd May 2000](#)) (hereinafter called "Principal Regulations") namely:-

1. Short Title & Commencement

- (i) These Regulations may be called the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) (Amendment) Regulations, 2013.
- (ii) They shall be deemed to have come into force from the date of their publication in the Official Gazette.

2. In Regulation 5, in sub-regulation 2, the existing proviso shall be deleted.

3. Amendment of Schedule 1

The existing entry 17 in Annex B to Schedule 1 to the Principal Regulations shall be substituted with the following:

17	Asset Reconstruction Companies		
17.1	'Asset Reconstruction Company' (ARC) means a company registered with the Reserve Bank of India under Section 3 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act).	74% paid-up capital of ARC (FDI & FII)	of Government
17.2	Other conditions:		
	(i) Persons resident outside India, can invest in the capital of Asset Reconstruction Companies (ARCs) registered with Reserve Bank only under the Government Route. Such investments have to be		

	<p>strictly in the nature of FDI.</p> <p>(ii) No sponsor shall be permitted to hold more than 50% of the shareholding in an ARC either by way of FDI or by routing through an FII. The foreign investment in ARCs are required to comply with entry route conditionality and sectoral caps. However, the total shareholding of an individual FII shall not exceed 10% of the total paid-up capital of the ARC.</p> <p>(iii) FIIs registered with SEBI can invest in the Security Receipts (SRs) issued by ARCs registered with Reserve Bank. FIIs can invest up to 74% of the paid up value of each tranche of scheme of Security Receipts issued by the ARCs.</p> <p>(iv) Any individual investment of more than 10% would be subject to provisions of section 3(3) (f) of Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.</p>
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4. Amendment to Schedule 5

In Paragraph 1, the existing clause (e) shall be substituted as under:

“(e) Security Receipts issued by Asset Reconstruction Companies provided that the total holdings of all FIIs put together shall not exceed 74% of the paid up value of each tranche of scheme of Security Receipts issued by the Asset Reconstruction Companies;”

(Rudra Narayan Kar)
Chief General Manager

Foot Note:-

The Principal Regulations were published in the Official Gazette vide G.S.R. No.406 (E) dated May 8, 2000 in Part II, Section 3, sub-Section (i) and subsequently amended as under:-

G.S.R.No. 158(E) dated 02.03.2001
G.S.R.No. 175(E) dated 13.03.2001
G.S.R.No. 182(E) dated 14.03.2001
G.S.R.No. 4(E) dated 02.01.2002
G.S.R.No. 574(E) dated 19.08.2002
G.S.R.No. 223(E) dated 18.03.2003
G.S.R.No. 225(E) dated 18.03.2003
G.S.R.No. 558(E) dated 22.07.2003
G.S.R.No. 835(E) dated 23.10.2003
G.S.R.No. 899(E) dated 22.11.2003
G.S.R.No. 12(E) dated 07.01.2004

G.S.R.No. 278(E) dated 23.04.2004
G.S.R.No. 454(E) dated 16.07.2004
G.S.R.No. 625(E) dated 21.09.2004
G.S.R.No. 799(E) dated 08.12.2004
G.S.R.No. 201(E) dated 01.04.2005
G.S.R.No. 202(E) dated 01.04.2005
G.S.R.No. 504(E) dated 25.07.2005
G.S.R.No. 505(E) dated 25.07.2005
G.S.R.No. 513(E) dated 29.07.2005
G.S.R.No. 738(E) dated 22.12.2005
G.S.R.No. 29(E) dated 19.01.2006
G.S.R.No. 413(E) dated 11.07.2006
G.S.R.No. 712(E) dated 14.11.2007
G.S.R.No. 713(E) dated 14.11.2007
G.S.R.No. 737(E) dated 29.11.2007
G.S.R.No. 575(E) dated 05.08.2008
G.S.R.No. 896(E) dated 30.12.2008
G.S.R.No. 851(E) dated 01.12.2009
G.S.R.No. 341 (E) dated 21.04.2010
G.S.R.No.821(E) dated 10.12.2012
G.S.R.No. 606(E) dated 03.08.2012
G.S.R.No. 796(E) dated 30.10.2012
G.S.R.No. 797(E) dated 30.10.2012
G.S.R.No._____ dated _____
G.S.R.No. 795(E) dated 30.10.2012
G.S.R.No._____ dated _____
G.S.R.No._____ dated _____.