

**Foreign Exchange Management (Transfer or Issue of any Foreign Security) (Second Amendment) Regulations, 2003**

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

Notification No.FEMA.88/2003-RB

April 1, 2003

**Foreign Exchange Management (Transfer or Issue of any Foreign Security) (Second Amendment) Regulations, 2003**

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), and in partial modification of its Notification No.FEMA 19/RB-2000 dated May 3, 2000, the Reserve Bank of India makes the following Regulations to amend the Foreign Exchange Management (Transfer or Issue of any Foreign Security) Regulations, 2000, as amended from time to time namely :-

**Short title and Commencement**

- 1.(a) These Regulations may be called the Foreign Exchange Management (Transfer or Issue of any Foreign Security) (Second Amendment) Regulations, 2003.
- (b) They shall come into force from the date of their publication in the Official Gazette.

**Amendment of the Regulations**

2. In the Foreign Exchange Management (Transfer or Issue of any Foreign Security) Regulations, 2000,

a) after Regulation 6, the following shall be inserted, namely :

**"6A. Permission for Direct Investment in Equity of Companies Registered Overseas**

A person resident in India, being an individual or a listed Indian company or a mutual fund registered in India, may invest in the shares of an overseas company which is listed on a recognised stock exchange and has a share holding in its name of not less than 10% in any listed Indian company as on 1<sup>st</sup> January of the year of investment:  
provided that -

- (i) in the case of investment by the listed Indian company, the investment shall not exceed 25% of its net worth shown in its latest audited balance sheet;
- (ii) in the case of investment by Mutual Fund, the investment shall not exceed the ceiling stipulated by Securities & Exchange Board of India (SEBI) from time to time;
- (iii) every transaction relating to purchase and sale of shares of the overseas company shall be routed through the designated branch of an authorised dealer in India."

**K. J. Udeshi  
Executive Director**

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