

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

**Notification No. FEMA. 81/2003-RB**

**Dated the January 8, 2003**

**Foreign Exchange Management (Foreign exchange  
derivative contracts) (Amendment) Regulations, 2003**

In exercise of the powers conferred by clause (h) of sub-section (2) of Section 47 of the Foreign Exchange Management Act, 1999 (Act 42 of 1999), and in partial modification of its Notification No. FEMA 25/RB-2000 dated May 3, 2000, the Reserve Bank of India makes the following amendments in the Foreign Exchange Management (Foreign exchange derivative contracts) Regulations, 2000, as amended from time to time, namely: -

**2. Short title and Commencement:**

- (i) These Regulations may be called the Foreign Exchange Management (Foreign exchange derivative contracts) (Amendment) Regulations, 2003.
- (ii) They shall come into force from the date of their publication in the Official Gazette.

**3. Amendment of the Regulations**

In the Foreign Exchange Management (Foreign exchange derivative contracts) Regulations 2000,

A. In clause (1) of Schedule II to the Notification,

a) Sub-clause (a) shall be substituted by the following words:

"the value of the hedge does not exceed the market value of the underlying debt or equity instruments, provided forward contracts once booked shall be allowed to continue to the original maturity even if the value of the underlying portfolio shrinks, for reasons other than sale of securities"

b). Sub-clause (b) shall be deleted and the subsequent sub-clauses (c) (d) and (e) shall be renumbered as (b), (c) and (d) respectively.

B. Clause (3) of Schedule II shall be substituted by the following words:

"Authorised dealers may offer forward contracts to persons resident outside India to hedge the investments made in India since January 1, 1993, subject to verification of the exposure in India. These forward contracts once cancelled are not eligible to be rebooked."

**(K.J. Udeshi)  
Executive Director**

**G.S.R.No.532(E) dated January 8, 2003**

**Foot-note :**

The Principal Regulations were published in the Official Gazette vide G.S.R.No.411(E) dated May 3, 2000 in part II, Section 3, Sub-Section (i) and subsequently amended vide G.S.R.No.756(E) dated September 5, 2000, G.S.R.No.264(E) dated March 5, 2002, G.S.R.No.579(E) dated July 27, 2002 and G.S.R.No.222(E) dated August 26, 2002.

That as rectified and modified as aforesaid, the Principal Regulations shall remain in full force and effect.

G.S.R. No.263(E)/16.04.2004