



**RESERVE BANK OF INDIA  
FOREIGN EXCHANGE DEPARTMENT  
CENTRAL OFFICE  
MUMBAI - 400 001**

RBI/2004/188  
A.P. (DIR Series) Circular No.90

May 3, 2004

To

All Authorised Dealers in Foreign Exchange

Sirs / Madam,

**Acquisition of Foreign Securities by Resident Individuals  
under ESOP Scheme**

Attention of Authorised Dealers is invited to Regulation 19 of Notification No.FEMA.19/2000-RB dated May 3, 2000 and subsequent AP (DIR Series) Circulars No.32 dated April 28, 2001, No.16 dated December 15, 2001 and No.68 dated January 13, 2003 in terms of which, a resident individual who is an employee or director of an Indian office or branch of a foreign company in which the foreign holding is not less than 51% is permitted to acquire foreign securities under ESOP Scheme, without any monetary limit, provided the shares under ESOP are offered at a concessional price.

2. As a measure of further liberalisation, it has now been decided to dispense with the condition that the shares should be offered at a concessional price. It has also been decided to permit sale of the shares so acquired, without obtaining prior permission of the Reserve Bank, provided the proceeds thereof are repatriated to India.

Authorised Dealers may accordingly allow remittances for acquisition of shares under ESOP Schemes as per the terms of the offer.

3. Necessary amendments to the Foreign Exchange Management (Transfer or issue of any foreign security) Regulations, 2000 are being issued separately.

4. Authorised Dealers may bring the contents of this Circular to the notice of their constituents concerned.

5. The directions contained in this circular have been issued under Sections 10(4) and 11(1) of the Foreign Exchange Management Act 1999 (42 of 1999).

Yours faithfully,

**Grace Koshie**

Chief General Manager