

**RESERVE BANK OF INDIA
Foreign Exchange Department
Central Office - Mumbai**

Notification No. FEMA.150/2006-RB

Dated : August 21, 2006

Foreign Exchange Management (Transfer or Issue of any Foreign Security) (Amendment) Regulations, 2006

In exercise of the powers conferred by clause (a) of sub-section (3) of Section 6, sub-section (2) of 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 Any Foreign Security) Regulations, 2004 (Notification No.FEMA.120/RB-2004 dated July 7, 2004), namely:-

1. **Short Title and Commencement :**

- (i) These Regulations may be called the Foreign Exchange Management (Transfer or Issue of any Foreign Security) (Amendment) Regulations, 2006.
- (ii) They shall be deemed to have come into force from July 26, 2006.

2. **Amendment of regulation 6B :**

In the Foreign Exchange Management (Transfer or Issue of Any Foreign Security) Regulations, 2004 (Notification No.FEMA.120/RB-2004 dated July 7, 2004), (hereinafter referred to as the principal regulations) in regulation 6B,

- (i) for the words, "A person resident in India, being an individual or a listed Indian company or a mutual fund registered in India", the words, "A person resident in India, being an individual or a listed Indian company" shall be substituted.
- (ii) in clause (b), in the proviso, clause (ii) shall be omitted
- (iii) in clause (b), in the proviso, clause (iii) shall be renumbered as clause (ii).

3. **Insertion of new regulation 6C :**

After regulation 6B of the principal regulations, the following regulation shall be inserted, namely,

6C. Investment by Mutual Funds

- (1) Mutual Funds registered with the Securities Exchange Board of India , may invest within specified limits, in the shares or the rated bonds /fixed income securities of an overseas company listed on a recognised stock exchange or in Exchange Traded Funds, or other securities as may be stipulated by the Reserve Bank of India from time to time.
- (2) Every transaction relating to purchase and sale of foreign security by Mutual Funds shall be routed through the designated branch of an authorised dealer in India."

4. **Amendment of regulation 26:**

For Regulation 26 of the principal regulations, the following shall be substituted namely,

"26. The purchase of foreign securities by Mutual Funds shall be subject to these regulations, and such other terms and conditions as may be notified by the SEBI from time to time. "

(M. Sebastian)
Chief General Manager

Foot Note:

- (i) It is clarified that no person will be affected as a result of retrospective effect being given to this regulation.
- (ii) The Foreign Exchange Management (Transfer or Issue of any Foreign Security) Regulations, 2004 were published in the Official Gazette vide G.S.R.No.757 (E) dated November 19, 2004 and subsequently amended vide G.S.R. No.220(E) dated April 7, 2005, G.S.R. No.337(E) dated May 27, 2005 and G.S.R. No.552(E) dated August 31, 2005.

**Published in the Official Gazette of Government
of India - Extraordinary - Part-II, Section 3,
Sub-Section (i) dated 06.09.2006 - G.S.R.No.535(E)**