



RESERVE BANK OF INDIA  
Foreign Exchange Department  
Central Office  
Mumbai - 400 001

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RBI/2010-11/538

A. P. (DIR Series) Circular No. 67

May 20, 2011

To,

All Category - I Authorised Dealer Banks

Madam / Sir,

**Forward cover for Foreign Institutional Investors –  
Rebooking of cancelled contracts**

Attention of Authorised Dealer Category - I (AD Category - I) banks is invited to Regulation 5 of [Notification No.FEMA.25/RB-2000 dated May 3, 2000](#), as amended from time to time regarding the permission to a person resident outside India to enter into a foreign exchange derivative contract, read with [A. P. \(DIR Series\) Circular No. 32 dated December 28, 2010](#) in the matter.

2. Currently, in terms of Section C (i) (d) of the [A. P. \(DIR Series\) Circular No. 32 dated December 28, 2010](#), Foreign Institutional Investors (FIIs) are permitted to cancel and rebook upto two percent of the market value of the portfolio as at the beginning of the financial year. On a review, it has been decided to enhance the existing limit of two per cent as above to ten per cent with immediate effect. Other operational guidelines as also terms and conditions of the circular shall remain unchanged.

3. AD Category – I banks may bring the contents of this circular to the notice of their constituents and customers concerned.

4. 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) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

**(Meena Hemchandra)**  
Chief General Manager-In-Charge