



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

RBI/2013-14/454
A.P. (DIR Series) Circular No.96

January 20, 2014

To

All Category - I Authorised Dealer Banks

Madam / Sir,

Facilities for Persons Resident outside India – Clarification

Attention of Authorized Dealers Category – I (AD Category- I) banks is invited to the Foreign Exchange Management (Foreign Exchange Derivative Contracts) Regulations, 2000 dated May 3, 2000 [[Notification No. FEMA/25/RB-2000](#)] and [A.P. \(DIR Series\) Circular No.45 dated October 22, 2012](#) in terms of which Foreign Institutional Investors (FIIs) are allowed to approach any AD Category I bank for hedging their currency risk on the market value of entire investment in equity and/or debt in India as on a particular date subject to conditions specified therein.

2. We have been receiving references from market participants as to whether, along similar lines, it is possible for FIIs and other foreign investors to effect remittances on cash /TOM /spot basis to a bank other than the designated AD Category -I custodian bank. In this connection it is clarified that a foreign investor is free to remit funds through any bank of its choice for any transaction permitted under FEMA, 1999 or the Regulations / Directions framed thereunder. The funds thus remitted can be transferred to the designated AD Category -I custodian bank through the banking channel. Note should, however, be taken that KYC in respect of the remitter, wherever required, is a joint responsibility of the bank that has received the remittance as well as the bank that ultimately receives the proceeds of the remittance. While the first bank will be privy to the details of the remitter and the purpose of the remittance, the second bank, will have access to complete information from the recipient's perspective. Besides, the remittance receiving bank is required to issue FIRC to the bank receiving the proceeds to establish the fact the funds had been remitted in foreign currency.

3. All other conditions in our A.P. (DIR Series) circular No.45 dated October 22, 2012 apply mutatis mutandis.

4. AD Category – I bank may bring the contents of this circular to the notice of their constituents and customers.

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

Yours faithfully,

(Rudra Narayan Kar)
Chief General Manager in Charge