

**RESERVE BANK OF INDIA
FOREIGN EXCHANGE DEPARTMENT
CENTRAL OFFICE
MUMBAI**

Notification No. FEMA 189 / RB-2009

Dated February 27, 2009

**Foreign Exchange Management (Guarantees)
(Second Amendment) Regulations, 2009.**

In exercise of the powers conferred by clause (j) of sub-section 3 of section 6 and sub-section (2) of section 47 of the Foreign Exchange Management Act, 1999 (42 of 1999), the Reserve Bank hereby makes the following amendments in the Foreign Exchange Management (Guarantees) Regulations, 2000, ([Notification No. FEMA 8/RB-2000 dated May 3, 2000](#)), namely:-

1. **Short Title and Commencement:**

- (i) These Regulations may be called the Foreign Exchange Management (Guarantees) (Second Amendment) Regulations, 2009.
- (ii) They shall be deemed to have come into effect from the 10th day of November, 2008 @.

2. **Amendment of Regulation** - In the Foreign Exchange Management (Guarantees) Regulations, 2000 ([Notification No. FEMA 8/RB-2000 dated May 3, 2000](#)), in Regulation 4 after sub-regulation (1A) the following new sub-regulation shall be inserted namely :-

"**(1B)** - An authorised dealer in India may give guarantee or standby Letter of Credit in respect of an obligation incurred by a person resident in India and owed to a person resident outside India in connection with payment of margin money in respect of approved commodity hedging transaction of such person residing in India subject to such terms and conditions as may be stipulated by the Reserve Bank from time to time."

**(Salim Gangadharan)
Chief General Manager - in - Charge**

Footnote:- 1. @ It is clarified that no person will be adversely affected as a result of retrospective effect being given to these regulations.

2. The principal regulations were published in the Official Gazette vide GSR No 391(E) dated May 5, 2000 in Part II

Section 3 sub-section (i) and subsequently amended vide -

GSR.No 575(E) dt.19.8.2002

GSR.No 745(E) dt.16.11.2004

GSR.No 61 (E) dt.9.2.2005, and

GSR.No 196(E) dt.14.3.2007

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