



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

Notification No. FEMA.224/2012- RB

Dated: March 7, 2012

Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) (Second Amendment) Regulations, 2012

In exercise of the powers conferred by clause (b) of sub-section (3) of Section 6 and 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 Security by a Person Resident Outside India) Regulations, 2000 ([Notification No. FEMA 20/2000-RB, dated 3rd May 2000](#)), namely:-

1. Short Title & Commencement:-

- i) These Regulations may be called the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) (Second Amendment) Regulations, 2012.
- ii) Save as otherwise provided in these Regulations, the provisions of these Regulations shall be deemed to have come into force with effect from the 22nd day of July, 2009. @

2. Amendment to the Regulations :-

In the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations 2000, (Notification No. FEMA 20/2000-RB, dated 3rd May, 2000) (hereinafter referred to as 'the principal Regulations'),

- a. (i) in regulation 2, after clause (iic), the following clause shall be inserted, namely:-

"(iid) 'Domestic Depository' shall have the meaning as assigned to it in the Companies (Issue of Indian Depository Receipt) Rules, 2004;

(iie) "Eligible Company" means a Company eligible to issue Indian Depository Receipts under Rule 4 of the Companies (Issue of Indian Depository Receipts) Rules, 2004;"

ii) in regulation 2, after clause (v), the following clause shall be inserted, namely:-

" (va) "Indian Depository Receipts" shall have the meaning as assigned to it in the Companies (Issue of Indian Depository Receipt) Rules, 2004;"

iii) in regulation 2, the existing clause (va) shall be renumbered as (vb).

b. in regulation 5, after sub-regulation (7), the following sub-regulation shall be inserted, namely:-

"(8) A registered Foreign Institutional Investor (FII) including SEBI approved sub-accounts of the FIIs, registered with SEBI or a Non-Resident Indian (NRI) may purchase, hold or sell Indian Depository Receipts (IDRs) of eligible companies resident outside India and issued in the Indian capital market, subject to the terms and conditions specified in Para 2 of Schedule 7. "

c) after regulation 12, the following regulation shall be inserted, namely:-

"13. Issue of Indian Depository Receipts.

An eligible company resident outside India may issue IDRs through a Domestic Depository, to persons resident in India and outside India, subject to the terms and conditions specified in Para 1 of Schedule 7."

(Meena Hemchandra)
Chief General Manager-in-Charge

Foot Note:

(i) The Principal Regulations were published in the Official Gazette vide No.G.S.R.406 (E) dated May 8, 2000 in Part II, Section 3, sub-section (i) and subsequently amended as under:

G.S.R.No. 158(E) dated 02.03.2001
G.S.R.No. 175(E) dated 13.03.2001
G.S.R.No. 182(E) dated 14.03.2001
G.S.R.No. 4(E) dated 02.01.2002
G.S.R.No. 574(E) dated 19.08.2002
G.S.R.No. 223(E) dated 18.03.2003
G.S.R.No. 225(E) dated 18.03.2003
G.S.R.No. 558(E) dated 22.07.2003
G.S.R.No. 835(E) dated 23.10.2003
G.S.R.No. 899(E) dated 22.11.2003
G.S.R.No. 12(E) dated 07.01.2004
G.S.R.No. 278(E) dated 23.04.2004
G.S.R.No. 454(E) dated 16.07.2004
G.S.R.No. 625(E) dated 21.09.2004
G.S.R.No. 799(E) dated 08.12.2004
G.S.R.No. 201(E) dated 01.04.2005
G.S.R.No. 202(E) dated 01.04.2005
G.S.R.No. 504(E) dated 25.07.2005
G.S.R.No. 505(E) dated 25.07.2005
G.S.R.No. 513(E) dated 29.07.2005
G.S.R.No. 738(E) dated 22.12.2005
G.S.R.No. 29(E) dated 19.01.2006
G.S.R.No. 413(E) dated 11.07.2006
G.S.R.No. 712(E) dated 14.11.2007
G.S.R.No. 713(E) dated 14.11.2007
G.S.R.No. 737(E) dated 29.11.2007
G.S.R.No. 575(E) dated 05.08.2008
G.S.R.No. 896(E) dated 30.12.2008
G.S.R.No. 851(E) dated 01.12.2009
G.S.R.No. 341(E) dated 21.04.2010
G.S.R.No. _____ dated _____
G.S.R.No. _____ dated _____

(ii) @It is clarified that no person will be adversely affected as a result of retrospective effect being given to these Regulations.

**Published in the Official Gazette of Government
of India – Extraordinary – Part-II, Section 3,
Sub-Section (i) dated 03.08.2012- G.S.R.No.606 (E)**

Schedule 7
[See Regulation 5 (8) and 13]

**INDIAN DEPOSITORY RECEIPTS BY ELIGIBLE COMPANIES RESIDENT
OUTSIDE INDIA**

1. Issue of IDRs :- Eligible companies resident outside India may issue Indian Depository Receipts (IDRs) through a Domestic Depository, to persons resident in India and outside India, subject to the following conditions :-

- (a) the issue of IDRs is in compliance with the Companies (Issue of Indian Depository Receipts) Rules, 2004, as amended from time to time.
- (b) the issue is in compliance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time.
- (c) any issue of IDRs by financial / banking companies having presence in India, either through a branch or subsidiary, shall require prior approval of the sectoral regulator(s).
- (d) IDRs shall be denominated in Indian Rupees only.
- (e) The proceeds of the issue of IDRs shall be immediately repatriated outside India by the eligible companies issuing such IDRs.

2. Purchase / sale of IDRs :- A SEBI registered FII including SEBI approved sub-accounts of the FIIs or an NRI may purchase, hold or sell IDRs, subject to the following terms and conditions :-

- (a) NRIs may invest in the IDRs out of funds held in their NRE / FCNR (B) account, maintained with an Authorised Dealer / Authorised bank.
- (b) IDRs shall not be automatically fungible into underlying equity shares of the issuing company.
- (c) IDRs shall not be redeemable into underlying equity shares before the expiry of one year from the date of issue.
- (d) Redemption / conversion of IDRs into underlying equity shares of the issuing company shall be in compliance with sub-regulation (7) of Regulation 22, of the Foreign Exchange Management (Transfer or Issue of Any Foreign Security) Regulations, 2004.