

RESERVE BANK OF INDIA
(Foreign Exchange Department)
(Central Office)

NOTIFICATION

Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) (Amendment) Regulations, 2024

Notification No. FEMA. 395(2) /2024-RB.—In exercise of the powers conferred by Section 47 of the Foreign Exchange Management Act, 1999 (42 of 1999) and consequent to the Foreign Exchange Management (Non-Debt Instrument) Rules, 2019, the Reserve Bank of India hereby makes the following amendments to the

Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019 [Notification No. FEMA.395/2019-RB dated October 17, 2019] (hereinafter referred to as 'the Principal Regulations') namely:-

1. Short Title & Commencement

(i) These Regulations may be called the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) (Amendment) Regulations, 2024.

(ii) They shall come into force from the date of their publication in the Official Gazette.

2. Amendment to Regulation 3.1 of the Principal Regulations

In Regulation 3.1 of the Principal Regulations, after SI no. IX, the following shall be inserted namely: -

Schedule XI

(Purchase or Subscription of Equity Shares of Companies Incorporated in India on International Exchanges Scheme by Permissible Holder)

A. Mode of Payment

The amount of consideration for purchase or subscription of equity shares of an Indian company listed on an International Exchange shall be paid:

(i) Through banking channels to a foreign currency account of the Indian company held in accordance with the Foreign Exchange Management (Foreign Currency Accounts by a Person Resident in India) Regulations, 2015, as amended from time to time; or

(ii) As inward remittance from abroad through banking channels.

Explanation:

The proceeds of purchase or subscription of equity shares of an Indian company listed on an International Exchange shall either be remitted to a bank account in India or deposited in a foreign currency account of the Indian company held in accordance with the Foreign Exchange Management (Foreign Currency Accounts by a Person Resident in India) Regulations, 2015, as amended from time to time.

B. Remittance of Sale Proceeds

The sale proceeds (net of taxes) of the equity shares may be:

Remitted outside India, or

Credited to the bank account of the permissible holder maintained in accordance with the Foreign Exchange Management (Deposit) Regulations, 2016.

3. Amendment to Regulation 4 of the Principal Regulations

In sub-regulation (8) of Regulation 4 of the Principal Regulations, the existing provision shall be substituted by the

following, namely:

"LEC(FII): (i) The Authorised Dealer Category I banks shall report to the Reserve Bank in Form LEC (FII) the

purchase / transfer of equity instruments by FPIs on the stock exchanges in India.

(ii) The Investee Indian company through an Authorised Dealer Category I bank shall report to the Reserve Bank in Form LEC (FII) the purchase/subscription of equity shares (where such purchase / subscription is classified as Foreign Portfolio Investment under the rules) by permissible holder, other than transfers between permissible holders, on an International Exchange."

Foot Note :

The Principal Regulations were published in the Official Gazette of Government of India vide G.S.R.No.795(E) dated 17.10.2019 in Part II, Section 3, sub-Section (i) and subsequently amended, vide: Notification no. FEMA 395(1)/2020-RB [Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) (Amendment) Regulations, 2020] dated June 15, 2020, published in the Gazette of India [Extraordinary, Part III–Section 4], vide Gazette ID CG-MH-E-19062020-220016 dated 18.06.2020.