

**Reserve Bank of India
Foreign Exchange Department
Central Office
Mumbai- 400 001**

Notification No. FEMA.261/2013-RB

Dated February 27, 2013

Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) (Third Amendment) Regulations, 2013

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) (Third Amendment) Regulations, 2013.
- (ii) They shall come into force from the date of publication in the Official Gazette.

2. Amendment of Schedule 3

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), in Schedule 3,

- (I) in paragraph 1, in sub-paragraph (i), the words “and duly approved by the Reserve Bank of India” shall be deleted.
- (II) sub-paragraph (vi) of paragraph 1 shall be deleted.
- (III) for paragraph 2 the following shall be substituted, namely:

“2. Report to Reserve Bank

The link office of the designated branch of an authorized dealer referred to in paragraph 1 shall obtain a Unique Code number from the Reserve Bank. The said link office of the designated branch of an authorized dealer shall furnish to

the Chief General Manager-in-Charge, Foreign Exchange Department, Reserve Bank of India, Central Office, Mumbai, a report on daily basis on PIS transactions undertaken on behalf of NRIs for their entire bank under the Online Report Filing System (ORFS). The said link office shall be responsible to ensure that the data submitted to the Reserve Bank is reconciled by periodically taking a NRI holding report for its bank.”

(IV) The existing paragraph 3 shall be substituted by the following paragraph, namely:

“3. Maintenance of accounts by an NRI for routing transactions for purchase and sale of shares/convertible debentures

An NRI may open a separate sub-account of NRE/NRO account (opened and maintained by Authorised Dealer bank in terms of the Foreign Exchange Management (Deposit) Regulations, 2000) with a designated branch of an Authorized Dealer bank referred to in paragraph 1, for routing the receipt and payment for transactions relating to purchase and sale of shares /convertible debentures under this Scheme. NRE(PIS) account shall be opened for investment made on repatriation basis and NRO(PIS) account shall be opened for investment made on non-repatriation basis under the Scheme. The designated branch of an Authorised Dealer bank shall ensure that sale proceeds of shares / convertible debentures which have been acquired by modes other than Portfolio Investment Scheme such as underlying shares acquired on conversion of ADRs/GDRs, shares/ convertible debentures acquired under FDI Scheme, shares/ convertible debentures purchased outside India from other NRIs, shares/ convertible debentures acquired under private arrangement from residents / non-residents, shares/ convertible debentures purchased while resident in India, do not get credited/debited in the NRE(PIS)/NRO (PIS) account opened exclusively for routing transactions under this Scheme.”

(V) After paragraph 3, the following shall be added, namely:

“4. Permitted Credits/ Debits

(A) Permitted Credits/ Debits in NRE (PIS) account

Credits

- (i) Inward remittances in foreign exchange through normal banking channels;
- (ii) Transfer from the NRI's other NRE accounts or FCNR (B) accounts maintained with Authorised Dealer in India ;
- (iii) Net sale proceeds (after payment of applicable taxes) of shares / convertible debentures acquired on repatriation basis under the Scheme and sold on stock exchange through registered broker; and
- (iv) dividend or income earned on investment made on repatriation basis under the Scheme

Debits

- (i) Outward remittances of dividend or income earned;
- (ii) Amounts paid on account of purchase of shares and convertible debentures on repatriation basis on stock exchanges through registered broker under the Scheme; and
- (iii) Any charges on account of sale/ purchase of shares or convertible debentures under the Scheme.

(B) Permitted Credits/ Debits in NRO(PIS) account**Credits**

- (i) Inward remittances in foreign exchange through normal banking channels;
- (ii) Transfer from the NRI's other NRE accounts or FCNR (B) accounts or NRO accounts maintained with Authorised Dealer in India ;
- (iii) Net sale proceeds (after payment of applicable taxes) of shares and convertible debentures acquired on repatriation basis (at the option of the NRI) and non-repatriation basis under the Scheme and sold on stock exchange through registered broker; and
- (iv) dividend or income earned on investment made on repatriation basis under the Scheme

Debits

- (i) Outward remittances of dividend or income earned
- (ii) Amounts paid on account of purchase of shares and convertible debentures on non- repatriation basis on stock exchanges through registered broker under PIS.
- (iii) Any charges on account of sale/ purchase of shares or convertible debentures under PIS.”

(Rudra Narayan Kar)
Chief General Manager-in-Charge

Foot Note:-

The Principal Regulations were published in the Official Gazette vide G.S.R. No.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. 606(E) dated 03.08.2012
G.S.R. No.796 E) dated 30.10.2012
G.S.R.No. 797 (E) dated 30.10.2012
G.S.R.No. 795 (E) dated 30.10.2012.
G.S.R. No.821(E) dated 10.11.2012
G.S.R.No.945(E) dated 31.12.2012
G.S.R. No.946(E) dated 31.12.2012
G.S.R.No.344(E) dated 29.05.2013
G.S.R. No.38(E) dated 22.02.2013.

**Published in the Official Gazette of Government
of India – Extraordinary – Part-II, Section 3,
Sub-Section (i) dated 30.07.2013- G.S.R.No.515 (E)**