

**Acquisition of Foreign Securities by Resident Individual under ESOP Scheme
A.P. (DIR Series) Circular No.68 (January 13, 2003)**

**Reserve Bank Of India
Exchange Control Department
Central Office
Mumbai- 400 001**

January 13, 2003

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To
All Authorised Dealers in Foreign Exchange

Madam/Sir,

**Acquisition of Foreign Securities by
Resident Individual under ESOP Scheme**

Attention of authorised dealers is invited to the Regulation 19 of Notification No.FEMA.19/2000-RB dated May 3, 2000 and AP (DIR Series) Circular No.32 dated April 28, 2001 read with A.P. (DIR Series) Circular No.16 dated December 15, 2001 in terms of which a resident individual, who is an employee or a director of an Indian Office or branch of a foreign company or of a subsidiary in India of a foreign company or of an Indian company, is permitted to remit upto USD 20,000 in a calendar year for purchase of equity shares offered by the said foreign company under Employees Stock Option (ESOP) Scheme.

2. It has now been decided to remove the limit of USD 20,000 for purchase of foreign securities by resident individual. Accordingly, remittances for the acquisition of foreign securities under ESOP Scheme may be permitted by authorised dealers as per the terms of offer without any monetary limit. The other conditions as indicated below remain unchanged :

- (i) The shares under ESOP should be offered at the concessional price.
- (ii) The foreign equity holding in the Indian company should not be less than 51 per cent.

3. The above relaxations, subject to review, shall be effective for a period upto June 30, 2003.

4. Necessary amendments to the Foreign Exchange Management Regulations, 2000 are being issued separately.

5. Authorised dealers may bring the contents of the circular to the notice of their constituents concerned.

6. The directions contained in this circular have been issued under Section 10(4) and Section 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999).

Yours faithfully,
G. Padmanabhan
General Manager-in-Charge