

**RESERVE BANK OF INDIA  
FOREIGN EXCHANGE DEPARTMENT  
CENTRAL OFFICE  
MUMBAI-400 001**

**Notification No. FEMA.227/2012-RB.**

**March 30, 2012**

**Foreign Exchange Management (Guarantees) (Amendment) Regulations, 2010**

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 of India hereby makes the following amendments in the Foreign Exchange Management (Guarantees) Regulations, 2000 ([Notification No. FEMA 8/2000-RB dated May 3, 2000](#)), namely:-

**1. Short title and commencement**

(a) These Regulations may be called the Foreign Exchange Management (Guarantees) (Amendment) Regulations, 2012.

(b) They shall come into force from the dates specified in these regulations.

**2. Amendment of Regulation 2**

In the Foreign Exchange Management (Guarantees) Regulations, 2000 (Notification No. FEMA 8/2000-RB dated May 3, 2000), (hereinafter referred to as 'the Principal Regulations'), after sub-regulation (iii) of Regulation 2, the following new sub-regulation shall be added and it shall deemed to have been added with effect from 29<sup>th</sup> day of April 2011, namely;

“(iv) ‘ Irrevocable Payment Commitment (IPC)’ means irrevocable confirmation issued by the custodian bank in favour of a stock exchange / clearing corporation of a stock exchange on behalf of its customers, to meet the payment obligation arising out of a 'buy' transaction”.

**3. Amendment of Regulation 4**

In Regulation 4, after sub-regulation (3), the following new sub-regulation shall be added and it shall be deemed to have been added with effect from April 29, 2011, namely,-

“(4) An authorized dealer (custodian bank), subject to the directions issued by the Reserve Bank, from time to time, may issue Irrevocable Payment Commitments (IPCs) in favour of the Stock Exchanges / Clearing Corporations of the Stock Exchanges, on behalf of their registered FII clients for purchase of shares and convertible debentures under the portfolio investment scheme (PIS) notified vide Schedule 2 to Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 ([Notification No.FEMA.20/2000-RB](#)) dated [May 3, 2000](#), as amended from time to time.

Explanation : (i) If the IPC, which is in the nature of a financial guarantee, is issued prior to receipt of the required funds from the customer, it will be reckoned for the computation of Capital Market Exposure of the custodian bank.

(ii) Issue of IPC should be in accordance with the regulations on banks' exposure to the capital market issued by the Reserve Bank from time to time and also comply with the instructions issued by Department of Banking Operations and Development, Reserve Bank of India (DBOD), from time to time.

**( Meena Hemchandra )**  
**Chief General Manager-in-charge**

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**Foot Note:**

(i) The Principal Regulations were published in the Official Gazette vide No. G.S.R. No.391 (E) dated May 5, 2000 in Part II, Section 3, Sub-Section (i) and subsequently amended vide :

No. G.S.R.575 (E) dated 19-8-2002  
No. G.S.R.745 (E) dated 16-11-2004  
No. G.S.R.61 (E) dated 9-2-2005  
No. G.S.R.196 (E) dated 14-3-2007  
No. G.S.R.300 (E) dated 01-05-2009  
No. G.S.R.298 (E) dated 01-05-2009  
No.G.S.R.634(E) dated 27-7-2010

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

<p><b>Published in the Official Gazette of Government of India – Extraordinary – Part-II, Section 3, Sub-Section (i) dated 21.12.2012- G.S.R.No.914 (E)</b></p>
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