

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

Notification No. FEMA. 243/2012-RB

Date: October 19, 2012

Foreign Exchange Management (Deposit) (Third Amendment) Regulations, 2012

In exercise of the powers conferred by clause (f) of Sub-section (3) of Section 6, Sub-Section (2) of Section 47 of the Foreign Exchange Management Act, 1999 (42 of 1999) the Reserve Bank of India makes the following amendments in the Foreign Exchange Management (Deposit) Regulations, 2000 ([Notification No. FEMA.5/2000-RB dated May 3, 2000](#)) (hereinafter referred to as 'the principal Regulations') namely:-

1. Short Title & Commencement

(i) These Regulations may be called the Foreign Exchange Management (Deposit) (Third Amendment) Regulations, 2012.

(ii) They shall be deemed to have come into force from the 16th day of July 2012@.

2. Amendment of Regulation 2

In the Foreign Exchange Management (Deposit) Regulations, 2000 (Notification No. FEMA.5/2000-RB dated May 3, 2000), in Regulation 2, after sub-regulation (xii), the following new sub-regulation shall be inserted, namely;

“(xii A). ‘Qualified Foreign Investor (QFI)’ shall have the same meaning as assigned under the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000;”

3. Amendment of Regulation 5

In the principal Regulations, in Regulation 5, after sub-regulation (3), a new sub-regulation (4) shall be inserted, namely:-

“(4). A Qualified Foreign Investor (QFI) may open a single non-interest bearing Rupee Account with Authorised Dealer in India without the prior approval of the Reserve Bank, for the limited purpose of routing the receipt and payment for transactions relating to

purchase and sale of eligible securities as stipulated by the Reserve Bank, from time to time, subject to the following conditions:

- (a) The account shall be funded by inward remittance through normal banking channel and by credit of the sale/redemption/buyback proceeds (net of taxes) and on account of interest payment / dividend on the eligible securities for QFIs.
- (b) The funds in this account shall be utilized for purchase of eligible securities for QFIs or for remittance (net of taxes) outside India.
- (c) The Qualified Depository Participants (as per the extant SEBI regulations) will operate such non-interest bearing Rupee Accounts on behalf of the QFIs and at the instructions of the QFIs.”

(Rudra Narayan Kar)
Chief General Manager

Foot Note:

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

(ii) The Principal Regulations were published in the Official Gazette vide G.S.R.No.388 (E) dated May 5, 2000 in Part II, Section 3, Sub-section (i) and subsequently amended as under:

- (a) G.S.R. No. 262(E) dated April 9, 2002;
- (b) G.S.R. No. 577(E) dated August 19, 2002;
- (c) G.S.R. No. 855(E) dated December 31, 2002;
- (d) G.S.R. No. 494(E) dated August 4, 2004;
- (e) G.S.R. No. 221(E) dated April 7, 2005;
- (f) G.S.R. No. 663(E) dated November 14, 2005;
- (g) G.S.R. No. 28 (E) dated January 19, 2006; and
- (h) G.S. R. No.495(E) dated July 23, 2007.
- (i) G.S. R. No.664(E) dated October 16, 2007.
- (j) G.S.R.No.714(E) dated November 14, 2007
- (k) G.S.R.No.91(E) dated February 15, 2008.
- (l) G.S.R.No.442(E) dated June 23, 2009.
- (m) G.S.R.No._____ dated _____
- (n) G.S.R.No._____ dated _____

<p>Published in the Official Gazette of Government of India – Extraordinary – Part-II, Section 3, Sub-Section (i) dated 30.10.2012- G.S.R.No.798 (E)</p>
