

**Purchase/sale of shares and /or convertible debentures by
Overseas Corporate Bodies (OCBs) on a Stock Exchange
in India under the Portfolio Investment Scheme (PIS)
A.P. (DIR Series) Circular No.13 (November 29, 2001)**

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

A.P. (DIR Series) Circular No.13

November 29, 2001

To

All Authorised Dealers in Foreign Exchange

Dear Sirs / Madam,

**Purchase/sale of shares and /or convertible debentures by
Overseas Corporate Bodies (OCBs) on a Stock Exchange
in India under the Portfolio Investment Scheme (PIS)**

Authorised Dealers are aware that in terms of Schedule 3 to Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, NRIs and OCBs are eligible to purchase /sell, through a designated branch of an Authorised Dealer, shares and convertible debentures of Indian Companies on a stock exchange in India, under the PIS .

2. It has been decided that henceforth OCBs shall not be permitted to invest under the PIS in India. Further, the OCBs that have already made investments under the Portfolio Investment Scheme, may continue to hold such shares/convertible debentures till such time these are sold on the stock exchange.

3. The link offices of the ADs will continue to report the sale transactions undertaken by the OCBs on daily basis as hitherto.

4. Accordingly, Notification No. FEMA 46/2001-RB dated November 29, 2001 has been issued amending the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000. A copy of the notification is enclosed herewith for ready reference.

5. It is, however, clarified that OCBs will continue to enjoy the facilities of opening and maintaining non-resident accounts as hitherto. OCBs would also continue to be eligible for making direct investment (FDI) , under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 issued vide Reserve Bank Notification No. FEMA 20/2000-RB dated May 3, 2000, as amended from time to time..

6. Authorised Dealers may bring the contents of the circular to the notice of their constituents concerned .

7. 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,

B.K. Bhoi

Officer-in-Charge