

**Permission for Purchase/ Acquisition of Foreign Securities - Clarification  
A.P. (DIR Series) Circular No.16 (December 15 , 2001)**

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

A.P. (DIR Series) Circular No.16

December 15 , 2001

To

All Authorised Dealers in Foreign Exchange

Dear Sirs/Madam,

**Permission for Purchase/ Acquisition of  
Foreign Securities - Clarification**

Attention of authorised dealers is invited to item (e) of paragraph 2 of the AP (DIR Series) circular No. 32 dated April 28,2001. In terms of Regulations 19 of the Reserve Bank Notification No. FEMA.19/2000-RB dated May 3, 2000, as amended from time to time, ADs have been permitted to allow remittance by a person resident in India, being an individual, who is an employee or director, of an office or branch in India of a foreign company or a subsidiary in India of a foreign company or of an Indian company in which foreign equity holding is not less than 51 per cent, provided the shares are offered at concessional price. The eligible residents as defined in sub-paragraph (2) of the Regulation 19 are permitted to remit USD 20,000, or its equivalent per calendar year provided the shares are being offered on a concession.

2. It is clarified that the concession in price of shares being offered under Employees Stock Option Scheme (ESOP) may be borne by the foreign company issuing the shares or by its Indian branch/ office/ subsidiary or the company in India in which the foreign equity holding is not less than 51 per cent.

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

4. 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,  
**Grace Koshie**

Chief General Manager