

**Two-way fungibility of ADRs/GDRs
A.P. (DIR Series) Circular No.21**

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

February 13, 2002

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To
All Authorised Dealers in Foreign Exchange

Dear Sirs/Madam,

Two-way fungibility of ADRs/GDRs

Authorised Dealers are aware that in terms of Regulation 4A of RBI Notification FEMA 20/2000-RB dated May 3, 2000 as amended by Notification No. FEMA 41/2001-RB dated March 2, 2001 (copy enclosed), a registered broker may purchase shares of an Indian company on behalf of a person resident outside India for purpose of converting the shares into ADRs/GDRs subject to compliance with provisions of the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993 and guidelines issued by the Central Government from time to time.

2. The Operative Guidelines for the limited two-way fungibility under the “Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993”, as approved by the Government of India, are enclosed for guidance of Authorised Persons and their constituents.

3. It is clarified that Notifications Nos.FEMA 20/2000-RB dated May 3, 2000 and No. FEMA 41/2001-RB dated March 2, 2001 have laid down the enabling provisions for the operation of two-way fungibility. The operationalisation of two-way fungibility of ADRs/GDRs is now final in terms of the provisions of the Operative Guidelines mentioned in para 2 above.

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

5. 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