

**Foreign Exchange Management (Transfer or Issue of any
Foreign Security) (Amendment) Regulations, 2002**

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

Notification No.FEMA. 48 /2002-RB

dated January 1, 2002

**Foreign Exchange Management (Transfer or Issue of any
Foreign Security) (Amendment) Regulations, 2002**

In exercise of the powers conferred by clause (a) of sub-section (3) of Section 6 and Section 47 of the Foreign Exchange Management Act, 1999 (42 of 1999) and in partial modification of its Notification No.FEMA.19/RB-2000, dated May 3, 2000, Reserve Bank of India makes the following Regulations to amend the Foreign Exchange Management (Transfer or Issue of any Foreign Security) Regulations, 2000, as amended from time to time namely :

1. (a) These Regulations may be called the Foreign Exchange Management (Transfer or Issue of any Foreign Security) (Amendment) Regulations, 2002.

(b) They shall come into force from the date of their publication in the Official Gazette.

2. In the Foreign Exchange Management (Transfer or Issue of any Foreign Security) Regulations, 2000,

(A) in Regulation 6, after sub-regulation (6), the following sub-regulation shall be inserted, namely :

"(7) (a) For the purposes of investment under this Regulation by way of remittance from India, the valuation of shares of the company outside India shall be made , -

(i) where the investment is more than US \$ 5 (five) million, by a Category I Merchant Banker registered with Securities and Exchange Board of India (SEBI), or an Investment Banker/Merchant Banker outside India registered with the appropriate regulatory authority in the host country; and

(ii) in all other cases, by a Chartered Accountant or a Certified Public Accountant."

"(b) For the purposes of investment under this Regulation by acquisition of shares of an existing company outside India where the consideration is to be paid fully or partly by issue of the Indian party's shares, the valuation of shares of the company outside India shall in all cases, be carried out by a Category I Merchant Banker registered with the Securities and Exchange Board of India (SEBI) or an Investment Banker/Merchant Banker outside India registered with the appropriate regulatory authority in the host country."

(B) in Regulation 9, after sub-regulation (2), the following sub regulation shall be inserted, namely :

"(2A) An application made under sub regulation (2) in Form ODI.

(a) for the purpose of investment by way of remittance from India, shall be accompanied by the valuation of shares of the company outside India, made -

(i) where the investment is more than US \$ 5 (five) million, by a Category I Merchant Banker registered with SEBI or an Investment Banker/Merchant Banker registered with the appropriate regulatory authority in the host country; and

(ii) in all other cases, by a Chartered Accountant or a Certified Public Accountant.

(b) for the purpose of investment by acquisition of shares of an existing company outside India where the consideration is to be paid fully or partly by issue of the Indian party's shares, shall be accompanied by the valuation carried out by a Category I Merchant Banker registered with the SEBI or an Investment Banker/Merchant Banker registered with the appropriate regulatory authority in the host country."

(C) after Regulation 17B, the following Regulation shall be inserted, namely :-

"17C A proprietary concern in India may apply to the Reserve bank in Form ODB for general permission valid for a period of one year to accept shares of a company outside India in lieu of fees due to it for professional services rendered to the said company.

Provided that :-

(a) the value of the shares accepted from each company outside India shall not exceed fifty percent of the fees receivable by the Indian party from that company; and

(b) the Indian concern's share holding in any one company outside India by virtue of shares accepted as aforesaid shall not exceed ten percent of the paid-up capital of the company outside India, whose shares are accepted."

Sd/-
K.J.Udeshi
Executive Director