

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

**Notification No. FEMA. 306/2014 –RB**

**May 23, 2014**

**Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) (Seventh Amendment) Regulations, 2014**

In exercise of the powers conferred by clause (b) of sub-section (3) of Section 6 and Section 47 of the Foreign Exchange Management Act, 1999 (42 of 1999), the Reserve Bank of India hereby makes the following amendments in the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 ([Notification No. FEMA 20 / 2000-RB dated 3rd May 2000](#)), namely:-

**1. Short Title & Commencement:-**

(i) These Regulations may be called the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) (Seventh Amendment) Regulations, 2014.

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

**2. Amendment of Regulation:-**

In Regulation 9, in sub-regulation (1),

(a) in clause (i), for the words “market price determined on the floor of the recognised stock exchanges” the words “market price prevailing on the floor of the recognised stock exchanges” shall be substituted;

(b) the existing clauses (ii) and (iii), shall be substituted by the following, namely:-

“(ii) In case of equity shares, preference shares or debentures of unlisted company, at a price not exceeding that arrived at as per any internationally accepted pricing methodology for valuation of shares on arm’s length basis, duly certified by a Chartered Accountant or a SEBI registered Merchant Banker. The guiding principle would be that the non-resident investor is not guaranteed any assured exit price at the time of making such investment/agreements and shall exit at the price prevailing at the time of exit, subject to lock-in period requirement.”

### **3. Amendment of Schedules**

(i) In Schedule 1,

(a) in paragraph 5, the existing clause (b) shall be substituted by the following, namely:-

"b. the valuation of shares done as per any internationally accepted pricing methodology for valuation of shares on arm's length basis, duly certified by a Chartered Accountant or a SEBI registered Merchant Banker where the shares of the company are not listed on any recognised stock exchange in India; and "

(b) in paragraph 5, clause (c), shall be omitted.

(ii) In Schedule 2, in paragraph 1, in sub-paragraph (5), in proviso, the existing clause (b) shall be substituted by the following, namely:-

"(b) in case of issue by private placement, the price is not less than the price arrived in terms of SEBI guidelines or not less than the fair price worked out as per any internationally accepted pricing methodology for valuation of shares on arm's length basis, duly certified by a SEBI registered Merchant Banker or Chartered Accountant, as applicable."

(iii) In Schedule 2A, in paragraph 2, in sub-paragraph (iv), in proviso, the existing clause (b) shall be substituted by the following, namely:-

"b) in case of issue by private placement, the price is not less than the price arrived in terms of SEBI guidelines or not less than the fair price worked out as per any internationally accepted pricing methodology for valuation of shares on arm's length basis, duly certified by a SEBI registered Merchant Banker or Chartered Accountant, as applicable."

**(C.D.Srinivasan)**  
**Chief General Manager**

Foot Note:-

The Principal Regulations were published in the Official Gazette vide G.S.R. No.406 (E) dated May 8, 2000 in Part II, Section 3, sub-Section (i) and subsequently amended as under:-

G.S.R.No. 158(E) dated 02.03.2001  
G.S.R.No. 175(E) dated 13.03.2001  
G.S.R.No. 182(E) dated 14.03.2001  
G.S.R.No. 4(E) dated 02.01.2002  
G.S.R.No. 574(E) dated 19.08.2002  
G.S.R.No. 223(E) dated 18.03.2003  
G.S.R.No. 225(E) dated 18.03.2003  
G.S.R.No. 558(E) dated 22.07.2003  
G.S.R.No. 835(E) dated 23.10.2003  
G.S.R.No. 899(E) dated 22.11.2003  
G.S.R.No. 12(E) dated 07.01.2004  
G.S.R.No. 278(E) dated 23.04.2004  
G.S.R.No. 454(E) dated 16.07.2004  
G.S.R.No. 625(E) dated 21.09.2004  
G.S.R.No. 799(E) dated 08.12.2004  
G.S.R.No. 201(E) dated 01.04.2005  
G.S.R.No. 202(E) dated 01.04.2005  
G.S.R.No. 504(E) dated 25.07.2005  
G.S.R.No. 505(E) dated 25.07.2005  
G.S.R.No. 513(E) dated 29.07.2005  
G.S.R.No. 738(E) dated 22.12.2005  
G.S.R.No. 29(E) dated 19.01.2006  
G.S.R.No. 413(E) dated 11.07.2006  
G.S.R.No. 712(E) dated 14.11.2007  
G.S.R.No. 713(E) dated 14.11.2007  
G.S.R.No. 737(E) dated 29.11.2007  
G.S.R.No. 575(E) dated 05.08.2008  
G.S.R.No. 896(E) dated 30.12.2008  
G.S.R.No. 851(E) dated 01.12.2009  
G.S.R.No. 341 (E) dated 21.04.2010  
G.S.R.No.821 (E) dated 10.11.2012  
G.S.R.No. 606(E) dated 03.08.2012  
G.S.R.No. 795(E) dated 30.10.2012  
G.S.R.No. 796(E) dated 30.10.2012  
G.S.R. No. 797(E) dated 30.10.2012  
G.S.R. No.945(E) dated 31.12.2012  
G.S.R. No.946(E) dated 31.12.2012  
G.S.R. No.38(E) dated 22.01.2013  
G.S.R.No.515(E) dated 30.07.2013,  
G.S.R.No.532(E) dated 05.08.2013,

G.S.R. No.341(E) dated 28.05.2013  
G.S.R.No.344(E) dated 29.05.2013  
G.S.R. No.195(E) dated 01.04.2013  
G.S.R.No.393(E) dated 21.06.2013,  
G.S.R.No.591(E) dated 04.09.2013  
G.S.R.No.596(E) dated 06.09.2013  
G.S.R.No.597(E) dated 06.09.2013  
G.S.R.No.681(E) dated 11.10.2013  
G.S.R.No.682(E) dated 11.10.2013  
G.S.R. No.818(E) dated 31.12.2013  
G.S.R. No.805(E) dated 30.12.2013  
G.S.R.No.683(E) dated 11.10.2013  
G.S.R.No.189(E) dated 19.03.2014  
G.S.R.No.190(E) dated 19.03.2014  
G.S.R.No.270(E) dated 07.04.2014

**Published in the Official Gazette of Government**

**of India – Extraordinary – Part-II, Section 3,**

**Sub-Section (i) dated 08.07.2014- G.S.R.No.435 (E)**