



RESERVE BANK OF INDIA  
Foreign Exchange Department  
Central Office  
Mumbai - 400 001

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RBI/2004-05/201  
A.P. (DIR Series) Circular No.13

October 01, 2004

To

All Banks Authorised to Deal in Foreign Exchange

Madam / Sirs,

Issue of Shares Under Employees Stock Option Scheme to  
Citizens of Sri Lanka and Bangladesh

Attention of Authorised Dealer Banks is invited to Regulation No. 5(1) of the Notification No.FEMA.20/2000-RB dated May 3, 2000 read with Notification No.FEMA.100/2003-RB dated October 3, 2003, in terms of which, a person resident outside India (other than a citizen of Bangladesh or Pakistan or Sri Lanka) or an entity incorporated outside India (other than an entity in Bangladesh or Pakistan) may purchase shares or convertible debentures of an Indian company under Foreign Direct Investment Scheme, subject to the terms and conditions specified in Schedule 1. In view of the aforesaid restriction, an Indian company could not issue shares under Employees Stock Option Scheme to their employees who are citizens of Pakistan or Bangladesh or Sri Lanka.

2. On a review, and in consultation with the Government, it has been decided that listed Indian companies may allot shares to their employees who are citizens of Bangladesh and Sri Lanka under Employees Stock Option Scheme.
3. The direction contained in this circular has been issued under Sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and is without prejudice to permissions/approvals, if any, required under any other law.

4. Authorised Dealer Banks may bring the contents of this circular to the notice of their constituents and customers.

Yours faithfully

**Grace Koshie**  
**Chief General Manager**