

RBI/2006-07/179  
A.P. (DIR Series) Circular No.11

November 16, 2006

To

All Category - I Authorised Dealer Banks

Madam/Sir,

**Investment by Mutual Funds in Overseas Securities - Liberalisation of**

Attention of Authorised Dealer Category - I (AD Category - I) banks is invited to Regulation 6B and Regulation 26 of Notification No.FEMA.120/RB-2004 dated 7<sup>th</sup> July 2004, as amended, from time to time and AP (Dir Series) Circular No. 3 dated July 26, 2006.

2. With a view to providing greater opportunity to invest overseas, the extant ceiling on overseas investments by Mutual Funds, registered with Securities and Exchange Board of India (SEBI), have been enhanced. Accordingly, the aggregate ceiling for overseas investment by Mutual Funds, registered with SEBI, is increased from USD 2 billion to USD 3 billion with immediate effect. All other terms and conditions and operational guidelines as issued by SEBI will remain unchanged.

3. Monthly reporting requirement to the Reserve Bank, as stipulated vide paragraph 5 of the AP Dir (Series) Circular No. 3 dated July 26, 2006, for statistical purpose will continue.

4. AD Category - I banks may bring the contents of this circular to the notice of their constituents and customers.

5. The directions contained in this circular have 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.

Yours faithfully,

**(Salim Gangadharan)**  
Chief General Manager-in-Charge