

**RESERVE BANK OF INDIA
FOREIGN EXCHANGE DEPARTMENT
CENTRAL OFFICE
MUMBAI**

Notification No.FEMA 159 / RB-2007

Dated September 17, 2007

**Foreign Exchange Management (Foreign Exchange Derivative Contracts)
(Amendment) Regulations, 2007.**

In exercise of the powers conferred by clause (h) of sub-section (2) of Section 47 of the Foreign Exchange Management Act, 1999 (42 of 1999), the Reserve Bank hereby makes the following amendments in the Foreign Exchange Management (Foreign Exchange Derivative Contracts) Regulations, 2000, (Notification No.FEMA 25/RB-2000 dated May 3, 2000), namely:-

1. Short Title and Commencement:

- (i) These Regulations may be called the Foreign Exchange Management (Foreign Exchange Derivative Contracts) (Amendment) Regulations, 2007.
- (ii) These regulations shall come into force on the dates specified hereunder @.

2. Amendment of Regulation 6 - In the Foreign Exchange Management (Foreign Exchange Derivative Contracts) Regulations, 2000 (Notification No. FEMA 25/RB-2000 dated May 3, 2000), (hereinafter referred to as 'the principal regulations'), in Regulation 6, in sub-regulation (ii), the words "imported/exported by it" shall be omitted and shall be deemed to have been omitted with effect from 31st day of May, 2007.

3. Insertion of new Regulation 8 – In the principal regulations, after Regulation 7, the following new regulation shall be inserted and shall be deemed to have been inserted with effect from the 23rd day of July, 2005, namely :-

" 8. Remittance related to a Commodity Derivative Contract - An authorised dealer in India may remit outside India foreign exchange in respect of a transaction, undertaken in accordance with these Regulations, in the following cases, namely : -

- (a) option premium payable by a person resident in India to a person resident outside India;
- (b) remittance by a person resident in India of amount incidental to a commodity derivative contract entered into in accordance with Regulation 6,
- (c) any other remittance related to a commodity derivative contract approved by Reserve Bank. "

4. **Amendment of the Schedules** - In the principal regulations,

- (i) in Schedule I, after paragraph 'A', the following new paragraph shall be inserted and shall be deemed to have been inserted with effect from the 13th day of December, 2006, namely :-

" **AA. Forward Contract in respect of Economic Exposure** - A person resident in India may, subject to such terms and conditions as may be stipulated by the Reserve Bank from time to time, enter into a forward contract with an authorised dealer in India to hedge an economic exposure to exchange risk in respect of such transactions as may be prescribed by the Reserve Bank from time to time."

- (ii) in Schedule II, in paragraph 1, for clause (b), the following shall be substituted and shall be deemed to have been substituted with effect from the 8th day of February 2007, namely :-

" (b) forward contracts may be cancelled and rebooked subject to such terms and conditions as may be stipulated by the Reserve Bank from time to time, or may be rolled over on or before maturity."

(Salim Gangadharan)
Chief General Manager

Footnote:-

1. @ It is clarified that no person will be adversely affected as a result of retrospective effect being given to these regulations.

2. The principal regulations were published in the Official Gazette vide GSR No.411(E) dated May 8, 2000 in Part II, Section 3, sub-section (i) and subsequently amended vide -

GSR No.756(E) dt. 28.9.2000,
GSR No.264(E) dt. 09.4.2002,
GSR No.579(E) dt. 19.8.2002,
GSR No.222(E) dt. 18.3.2003,
GSR No.532(E) dt. 09.7.2003,
GSR No.880(E) dt. 11.11.2003,
GSR No.881(E) dt. 11.11.2003.
GSR No.750(E) dt. 28.12.2005.
GSR No.222(E) dt. 19.4.2006, and
GSR No.223(E) dt. 19.4.2006

**Published in the Official Gazette of Government
of India – Extraordinary – Part-II, Section 3,
Sub-Section (i) dated 7.12.2007 - G.S.R.No. 760 (E)**