

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

Notification No. FEMA.240/2012-RB

September 25, 2012

**Foreign Exchange Management (Foreign Exchange Derivative Contracts)
(Second Amendment) Regulations, 2012**

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 25/2000-RB dated 3rd May 2000](#)) namely:-

1. Short Title and Commencement

- (i) These Regulations may be called the Foreign Exchange Management (Foreign Exchange Derivative Contracts) (Second Amendment) Regulations, 2012.
- (ii) They shall be deemed to have come in to force with effect from dates specified in these regulations@.

2. Amendment of Schedules

In the Foreign Exchange Management (Foreign Exchange Derivative Contracts) Regulations, 2000 (Notification No. FEMA 25/2000-RB dated 3rd May 2000),

- (i) In sub-paragraph 1(f) of the paragraph 'A' in Schedule I, after the words "in case of Global Depository Receipts (GDRs)" the words "American Depository Receipts (ADRs)" shall be inserted and shall be deemed to have been inserted with effect from May 3, 2000.
- (ii) In sub-paragraph 3(1) of the paragraph 'B' in Schedule I, the words "Provided that in the respect of cost effective risk reduction strategies like range forwards, ratio-range forwards or any other variable by whatever name called there shall not be any net inflow of premium" shall be omitted and shall be deemed to have been omitted with effect from the 1st day of February 2011.
- (iii) After sub-paragraph 3(3) of the paragraph 'B' in Schedule I, the following new sub-paragraph shall be added and the same shall be deemed to be inserted with effect from the 1st day of February 2011, namely :-

"(4) A person resident in India may enter into cross-currency option cost reduction structures (not involving the rupee as one of the currencies) and foreign currency-rupee option cost reduction structures with an authorised dealer to hedge an exposure to exchange risk arising out of trade transactions or external commercial borrowings subject to such terms and conditions as may be stipulated by the Reserve Bank from time to time."

**(Rudra Narayan Kar)
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 G.S.R. No.411(E) dated May 8, 2000 in Part II, Section 3, sub-section (i) and subsequently amended vide -

G.S.R.No. 756(E) dated 28.09.2000

G.S.R.No. 264(E) dated 09.04.2002

G.S.R.No. 579(E) dated 19.08.2002

G.S.R.No. 222(E) dated 18.03.2003

G.S.R.No. 532(E) dated 09.07.2003

G.S.R.No. 880(E) dated 11.11.2003

G.S.R.No. 881(E) dated 11.11.2003

G.S.R.No. 750(E) dated 28.12.2005

G.S.R.No. 222(E) dated 19.04.2006

G.S.R.No. 223(E) dated 19.04.2006

G.S.R.No. 760(E) dated 07.12.2007

G.S.R.No. 577(E) dated 05.08.2008

G.S.R.No. 440(E) dated 23.06.2009

G.S.R.No. 895(E) dated 14.12.2009

G.S.R.No. 635(E) dated 27.07.2010

G.S.R.No. _____ dated _____ and

G.S.R.No. _____ dated _____

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of India – Extraordinary – Part-II, Section 3,
Sub-Section (i) dated 30.10.2012- G.S.R.No.799 (E)**