

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

**Notification No.FEMA.368/2016-RB**

**May 20, 2016**

**Foreign Exchange Management (Transfer or Issue of Security by a Person  
Resident outside India) (Seventh Amendment) Regulations, 2016**

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, 2016.
- (ii) They shall come into force from the date of publication in the official Gazette.

**2. New Regulation**

In the Principal Regulations, after Regulation 10, the following shall be inserted, namely:-

- “10A. In case of transfer of shares between a resident buyer and a non-resident seller or vice-versa, not more than twenty five per cent of the total consideration can be paid by the buyer on a deferred basis within a period not exceeding eighteen months from the date of the transfer agreement. For this purpose, if so agreed between the buyer and the seller, an escrow arrangement may be made between the buyer and the seller for an amount not more than twenty five per cent of the total consideration for a period not exceeding eighteen months from the date of the transfer agreement or if the total consideration is paid by the buyer to the seller, the seller may furnish an indemnity for an amount not more than twenty five per cent of the total consideration for a period not exceeding eighteen months from the date of the payment of the full consideration.

*Provided the total consideration finally paid for the shares must be compliant with the applicable pricing guidelines.”*

(Shekhar Bhatnagar)  
Chief General Manager-in- Charge

**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  
G.S.R.No. 361 (E) dated 27.05.2014  
G.S.R.No.370(E) dated 30.05.2014  
G.S.R.No.371(E) dated 30.05.2014  
G.S.R.No. 435 (E) dated 08.07.2014  
G.S.R.No. 400 (E) dated 12.06.2014  
G.S.R.No. 436 (E) dated 08.07.2014  
G.S.R.No. 487 (E) dated 11.07.2014  
G.S.R.No. 632 (E) dated 02.09.2014  
G.S.R.No. 798 (E) dated 13.11.2014  
G.S.R.No. 799 (E) dated 13.11.2014  
G.S.R.No. 800 (E) dated 13.11.2014  
G.S.R.No. 829 (E) dated 21.11.2014  
G.S.R.No. 906(E) dated 22.12.2014  
G.S.R.No. 914 (E) dated 24.12.2014  
G.S.R.No. 30 (E) dated 14.01.2015  
G.S.R.No. 183 (E) dated 12.03.2015  
G.S.R.No. 284 (E) dated 13.04.2015  
G.S.R.No. 484 (E) dated 11.06.2015  
G.S.R.No. 745 (E) dated 30.09.2015  
G.S.R.No. 759 (E) dated 06.10.2015  
G.S.R.No. 823 (E) dated 30.10.2015  
G.S.R.No. 858 (E) dated 16.11.2015  
G.S.R.No. 165 (E) dated 15.02.2016  
G.S.R.No. 166 (E) dated 15.02.2016  
G.S.R.No. 369 (E) dated 30.03.2016

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Part-II, Section 3, Sub-Section (i) dated 20.05.2016- G.S.R.No.537(E)