

**CLARIFICATION ON ESTABLISHMENT OF BRANCH OFFICES (BO)/LIAISON
OFFICES (LO) IN INDIA BY FOREIGN ENTITIES - DELEGATION OF
POWERS**

A.P. (DIR SERIES 2011-12) CIRCULAR NO.88, DATED 1-3-2012

Attention of Authorised Dealer Category - I (AD Category - I) banks is invited to A.P. (DIR Series) Circular No.24, dated December 30, 2009 in terms of which powers have been delegated to the AD Category-I bank regarding submission of Annual Activity Certificate by BO/LOs, extension of the validity period of LOs and closure of BO/LOs of foreign entities in India.

2. In the A.P. (DIR Series) Circular mentioned above, powers as regards the transfer of assets of LO/BO to others have not been delegated. It is, therefore, clarified that transfer of assets of Liaison/Branch Office to subsidiaries or other LO/BO or any other entity is permitted only with the specific approval of the Central Office of the Foreign Exchange Department, Reserve Bank of India.

3. All the other instructions of A.P. (DIR Series) Circular No.24, dated December 30, 2009 shall remain unchanged.

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

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.