

.P. (DIR Series) CIRCULAR NO 31/RBI.

Dated: December 27, 2010

Asian Clearing Union (ACU) Mechanism - Indo - Iran trade

Attention of Authorised Dealer Category - I (AD Category-I) banks is invited to Regulations 3 and 5 of Notification No.FEMA.14/2000-RB dated May 3, 2000 read with items 7(b) and 7(e) of the Memorandum of Procedure for channelling transactions through Asian Clearing Union (ACU) in terms of which all eligible current account transactions as defined by the Articles of Agreement of the International Monetary Fund and export / import transactions between ACU member countries on deferred payment terms respectively are to be routed through the ACU mechanism.

2. In view of the difficulties being experienced by importers / exporters in payments to /receipts from Iran, the extant provisions have been reviewed and it has been decided that all eligible current account transactions including trade transactions with Iran should be settled in any permitted currency outside the ACU mechanism until further notice.

3. Necessary amendments to the Foreign Exchange Management (Manner of Receipt and Payment) Regulations, 2000 are being issued separately.

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

5. The directions contained in this circular has been issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act (FEMA), 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

RBI/2010-11/335

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