



भारतीय रिज़र्व बैंक

RESERVE BANK OF INDIA

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RBI/2016-17/197  
A.P. (DIR Series) Circular No.23

December 27, 2016

To

All Category – I Authorised Dealer Banks

Madam/ Sir,

**Purchase and sale of securities other than shares or convertible debentures of an Indian company by a person resident outside India**

Attention of Authorized Dealer Category-I (AD Category-I) banks is invited to Schedule 5 to the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 (the Principal Regulations) notified vide [Notification No. FEMA.20/2000-RB dated May 3, 2000](#), as amended from time to time, in terms of which, eligible investors, viz., SEBI registered Foreign Institutional Investors (FIIs), Qualified Foreign Investors (QFIs), registered Foreign Portfolio Investors (FPIs) and long term investors registered with SEBI, may purchase securities indicated in Schedule 5 on repatriation basis and subject to such terms and conditions as may be specified by the SEBI and the Reserve Bank from time to time.

2. With a view to providing flexibility in regard to the manner in which non-convertible debentures/bonds issued by Indian companies can be acquired by FPIs, it has now been decided to allow them to transact in such instruments either directly or in any manner as per the prevalent/approved market practice.

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

वित्तीय बाज़ार विनियमन विभाग, मुख्य भवन, दूसरी मंज़िल, शहीद भगत सिंह मार्ग, फोर्ट, मुंबई - 400001.  
फोन: (91-22) 22601000, फैक्स: (91-22) 22702290 ई-मेल: [fmr@rbi.org.in](mailto:fmr@rbi.org.in)



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4. 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 are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(T. Rabi Sankar)  
Chief General Manager