



RESERVE BANK OF INDIA  
Foreign Exchange Department  
Central Office  
Mumbai - 400 001

RBI/2013-14/366

A. P. (DIR Series) Circular No.72

November 11, 2013

To

All Category-I Authorised Dealer Banks

Madam / Sir,

**Foreign Direct Investment in Financial Sector – Transfer of Shares**

Attention of Authorized Dealer Category-I (AD Category-I) banks is invited to Regulation 10(A)(v) of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 notified vide [Notification No. FEMA.20/2000-RB dated May 3, 2000](#), as amended from time to time and Para 2(B)(iv) of [A.P.\(DIR Series\) Circular No.43 dated November 4, 2011](#), in terms which for transfer of shares from Residents to Non-Residents where the investee company is in the financial services sector, No Objection Certificate (NoC) is required to be obtained from the respective financial sector regulator/regulators of the investee company as well as transferor and transferee entities and such NoC(s) are to be filed with the form FC-TRS to the AD bank.

2. On a review, it has now been decided that the requirement of NoC(s) will be waived from the perspective of Foreign Exchange Management Act, 1999 and no such NoC(s) need to be filed along with form FC-TRS. However, any 'fit and proper/ due diligence' requirement as regards the non-resident investor as stipulated by the respective financial sector regulator shall have to be complied with.

3. All the other instructions contained in the above referred A.P.(DIR Series) Circular shall remain unchanged.

4. AD Category – I banks may bring the contents of the circular to the notice of their customers/constituents concerned.

5. Reserve Bank of India has since amended the relevant Regulations and notified vide [Notification No.FEMA.290/2013-RB dated October 4, 2013](#), notified vide. G.S.R.No.682(E) dated October 11, 2013.

6. 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,

**(Rudra Narayan Kar)**  
**Chief General Manager-in-Charge**