



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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A.P. (DIR Series) Circular No. 09

June 07, 2024

To

All Category-I Authorised Dealer Banks

Madam/ Sir

**Foreign Exchange Management (Overseas Investment) Directions, 2022 -
Investments in Overseas Funds**

Attention of Category-I Authorised Dealer Banks is invited to Paragraph 1(ix)(e) of Foreign Exchange Management (Overseas Investment) Directions, 2022, issued vide [A.P. \(DIR Series\) Circular No.12 dated August 22, 2022](#), in terms of which, investment (including sponsor contribution) in units of any investment fund overseas, duly regulated by the regulator for the financial sector in the host jurisdiction, shall be considered as Overseas Portfolio Investment. Further, as per the provisions of Paragraph 1(ix)(e) and Paragraph 24(1) of FEM (OI) Directions, 2022, investments can be made in “units” of investment funds.

2. In this regard, in view of the diverse regulatory framework governing investment funds across various jurisdictions and to provide clarity, the following amendments are carried out in the Foreign Exchange Management (Overseas Investment) Directions, 2022:

(a) Existing Paragraph 1(ix)(e) of FEM (OI) Directions, 2022 is replaced with the following:

“The investment (including sponsor contribution) in units or any other instrument (by whatever name called) issued by an investment fund overseas, duly regulated by the regulator for the financial sector in the host jurisdiction, shall be treated as OPI. Accordingly, in jurisdictions other than IFSCs, listed Indian companies and resident individuals may make such investment. Whereas in IFSCs, an unlisted Indian entity also may make such OPI in units or any other instrument (by whatever name called) issued by an investment fund or vehicle, in terms of schedule V of the OI Rules subject to limits, as applicable.

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हिंदी में काम करना आसान है, इसका प्रयोग बढ़ाए।



Explanation: ‘investment fund overseas, duly regulated’ for the purpose of this para shall also include funds whose activities are regulated by financial sector regulator of host country or jurisdiction through a fund manager.”

(b) Existing Paragraph 24(1) of FEM (OI) Directions, 2022 is replaced with the following:

“A person resident in India, being an Indian entity or a resident individual, may make investment (including sponsor contribution) in units or any other instrument (by whatever name called) issued by an investment fund or vehicle set up in an IFSC, as OPI. Accordingly, in addition to listed Indian companies and resident individuals, unlisted Indian entities also may make such investment in IFSC.”

3. Foreign Exchange Management (Overseas Investments) Directions, 2022 issued vide [A.P. \(DIR Series\) Circular No.12 dated August 22, 2022](#), shall accordingly be updated to reflect the above changes. AD Category-I Banks may bring the contents of this circular to the notice of their constituents.

4. The directions in this circular have been issued under Section 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,

(N Senthil Kumar)
General Manager