

**Reserve Bank of India**  
Foreign Exchange Department  
Central Office, Mumbai 400 001

**RBI/2007-2008/274**

**A. P. (DIR Series) Circular No. 34**

Dated 3rd April, 2008

### **Overseas Investment by Mutual Funds – Liberalisation**

Attention of Authorised Dealer Category – I (AD Category - I) banks is invited to Regulation 6C and Regulation 26 of Notification No .FEMA 120/RB-2004 dated 7th July, 2004, [Foreign Exchange Management (Transfer or issue of Any Foreign Security) Regulations, 2004] as amended from time to time (the Notification) and A. P. (DIR Series) Circular No. 97 dated 29th April, 2003, A. P. (DIR Series) Circular No. 3 dated 26th July 2006, A. P. (DIR Series) Circular No. 16 dated 11th November, 2006, A. P. (DIR Series) Circular No. 53 dated 8th May, 2007, A. P. (DIR Series) Circular No. 72 dated 8th June, 2007 and A. P. (DIR Series) Circular No.12 dated 26th September, 2007 regarding overseas investments by Mutual Funds.

2. With a view to providing greater opportunity for investment overseas, the aggregate ceiling for overseas investment by Mutual Funds registered with the Securities and Exchange Board of India (SEBI) has been enhanced from USD 5 billion to USD 7 billion with immediate effect. The existing facility to allow a limited number of qualified Indian Mutual Funds to invest cumulatively up to USD 1 billion in overseas Exchange Traded Funds, as may be permitted by SEBI, shall continue. The investments would be subject to the terms and conditions and operational guidelines as issued by SEBI.

3. The monthly reporting requirement to the Reserve Bank as stipulated vide A. P. (DIR Series) Circular No. 3 dated 26th July, 2006 and modified vide A. P. (DIR Series) Circular No. 72 dated 8th June, 2007 would continue for statistical purposes with appropriate modifications to include the additional categories of investments allowed vide A. P. (DIR Series) Circular No. 12 dated 26th September 2007. AD Category – I banks may note to submit monthly report to Reserve Bank on or before the tenth of the following month. Non-submission of the report would be viewed seriously by the Bank.

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

*Sd/-*  
(SALIM GANGADHARAN)  
Chief General Manager-in-Charge