



India Alert



Foreign Exchange Restrictions Liberalized

As of September 25, 2007, Indian residents are permitted to freely remit up to US \$200,000 per calendar year for specified purposes, including stock schemes, provided certain conditions are fulfilled. Individuals may freely acquire and hold foreign shares outside India without the prior approval of the Reserve Bank of India ("RBI") subject to the above cap and conditions. Resident individuals are also permitted to open, maintain and hold foreign currency accounts with a bank outside India for the purpose of making remittances pursuant to a stock option scheme without prior RBI approval. The foreign currency account may be used for all transactions connected with or arising from remittances eligible under the aforesaid scheme.

The RBI continues to allow Indian resident individuals to acquire shares under a cashless employee stock option scheme issued by a company outside India. The RBI also allows residents to purchase shares offered by a foreign company under a stock option plan if he is an employee or director of an Indian office, branch office, or subsidiary in India of a foreign company (or an Indian company in which foreign equity holding, either direct or through a holding company or special purpose vehicle is not less than 51%); the transfer of funds abroad is permitted for this purpose, subject to annual reporting by the Indian company. Please note that such employee or director of an Indian entity of a foreign company may purchase shares offered by the foreign company under a stock option plan without any monetary limit and will not be subject to the above US \$200,000 cap.

Please note: This document should not be relied upon as legal advice