

# Info Capsule



THE INSTITUTE OF  
Company Secretaries of India

भारतीय कम्पनी सचिव संस्थान

IN PURSUIT OF PROFESSIONAL EXCELLENCE

Statutory body under an Act of Parliament

(Under the jurisdiction of Ministry of Corporate Affairs)

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## ***1. Foreign Exchange Management (Deposit) (Amendment) Regulations, 2019 – Acceptance of Deposits by issue of Commercial Papers (Reserve Bank of India – Notification No. RBI/2019-20/44 A.P. (DIR Series) Circular No. 06- dated: August 16, 2019)***

The sub-regulation (3) of Regulation 6 of the abovementioned Regulations, states that a Company may accept deposits through issue of Commercial Paper, the same has been reviewed vis-à-vis other Statutes/Regulations – notably Section 45 U(b) of RBI Act, 1934 describing Commercial Paper as one of the Money Market Instruments and Section 2(c) of Companies (Acceptance of Deposits), Rules 2014 which excludes any amount received against issue of, inter alia, CPs from definition of deposits. It has also been considered that Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2017 – FEMA 20(R), already allow investments in CPs issued by the Indian Companies.

With a view to bring in consistency in statutory provisions/regulations relating to Commercial Papers RBI has been deleted sub-regulation (3) of Regulation 6 of FEMA 5(R)/2016-RB vide GOI Notification No. FEMA 5(R)(2)/2019-RB dated July 16, 2019.

The details is available at:  
<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/NT44FE210817A13946D18FA6AEB30C37811E.PDF>