

CIRCULAR

CIR/MRD/DP/ 22 /2013

July 08, 2013

To

All Stock Exchanges.

Dear Sir/Madam,

Sub: Revised Position Limits for Exchange Traded Currency Derivatives

1. This is in partial modification of SEBI Circular No. SEBI/DNPD/Cir-38/2008 dated August 6, 2008, SEBI/DNPD/Cir-45/2009 dated March 24, 2009, CIR/DNPD/5/2010 dated July 30, 2010 and CIR/DNPD/2/2012 dated May 23, 2012 which, inter-alia, specified the position limits applicable for Client and Trading Member for Exchange Traded Currency Derivatives.
2. In consultation with RBI and in view of the recent turbulent phase of extreme volatility in USD-INR exchange rate, it has been decided to curtail position limits and increase margin requirements for Currency Derivatives as follows:
 - a. **Margins:** Initial and extreme loss margins shall be increased by 100% of the present rates for USD-INR contracts in Currency Derivatives.
 - b. **Client level position limits:** The gross open position of a client across all contracts shall not exceed 6% of the total open interest or 10 million USD, whichever is lower.
 - c. **Non-bank Trading Member position limits:** The gross open position of a Trading Member, who is not a bank, across all contracts shall not exceed 15% of the total open interest or 50 million USD whichever is lower.
3. Stock Exchanges are directed to:
 - a) take necessary steps to put in place systems for implementation of the circular, including necessary amendments to the relevant byelaws, rules and regulations;
 - b) implement provisions of this circular with effect from July 11, 2013;
 - c) bring the provisions of this circular to the notice of the trading members/clearing members and also disseminate the same on its website.
4. This circular is being issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

Yours faithfully,

Maninder Cheema
Deputy General Manager
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