



CIRCULAR

CDMRD/DMP/CIR/32/2016

January 29, 2016

To,
The Managing Directors / Chief Executive Officers
National Commodity Derivatives Exchanges

Sir / Madam,

Sub.: Revision in Position Limits for Agricultural Commodities

1. In continuation of SEBI circular No CIR/CDMRD/DMP/2/2016 dated January 15, 2016, the following directions are hereby issued with respect to provisions of open position limits for futures contracts on agricultural commodities:

(I) Client level -

- a. Overall position limit for a particular commodity shall be restricted to numerical position limits as mandated from time to time. For the present, the numerical position limits as existing shall be continued. It is clarified that client level position limit equal to 5% of market wide open interest permitted earlier, is hereby discontinued.
- b. As prescribed vide SEBI circular dated January 15, 2016, near month position limit for a particular commodity shall be restricted to one-fourth of the client level overall position limit in that commodity.
- c. For the purpose of calculating overall position, all long and short positions of the client across all contracts on the underlying will be added up separately and higher of the two shall be considered as overall open position.
- d. For calculating near month open position, higher of long and short positions of the client in near month contracts to be considered.
- e. Thus henceforth, netting out near month contract with off-setting positions in far months contracts shall not be permitted for the purpose of computation of near month position of any client .



(II) Member level –

- a. Overall position limit for a particular commodity shall be the numerical position limits as mandated from time to time or 15% of market wide open interest, whichever is higher.
 - b. As prescribed vide SEBI circular dated January 15, 2016, near month position limit for a particular commodity shall be one-fourth of the member's overall position limit in that commodity.
 - c. For the purpose of calculating overall position, the position of the clients as determined in (I)c above will be added without netting off among themselves as also against proprietary position of the member (which will also be treated like a client position). All longs and shorts will be added up separately and higher of the two will be reckoned.
 - d. For calculating near month open position, the position of the clients as determined in (I)d above will be added without netting off among themselves as also against proprietary position of the member (which will also be treated like a client position). All longs and shorts will be added up separately and higher of the two will be reckoned.
 - e. Position limits for member's proprietary positions shall be same as client level position limits.
2. The above provisions shall be effective from March 01, 2016 onwards.
3. The Exchanges are advised to:
- i. bring the provisions of this circular to the notice of the members of the Exchange and also to disseminate the same on their website.
 - ii. communicate to SEBI, the status of the implementation of the provisions of this circular in the Monthly Development Reports to SEBI.
 - iii. to make necessary amendments to the relevant bye-laws, rules and regulations.



भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

4. This circular is 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.
5. This circular is available on SEBI website at www.sebi.gov.in.

Yours faithfully,

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