



CIRCULAR

SEBI/HO/MRD/DP/CIR/P/2016/60

June 22, 2016

To,

All Stock exchanges and Clearing corporations,
All Foreign Portfolio Investors (FPIs).

Dear Sir / Madam,

Subject: Review of the framework of position limits for currency derivatives contracts

With the view to ease trading requirements in the currency derivatives segment, it is clarified that the position limit linked to open interest shall be applicable at the time of opening a position. Such positions shall not be required to be unwound in the event of a drop of total open interest in a currency pair at the stock exchange.

2. However, in the aforementioned scenario, the eligible market participants shall not be allowed to increase their existing positions or create new positions in the currency pair till they comply with the applicable position limits.

3. Notwithstanding the above, in view of risk management or surveillance concerns with regard to such positions of the market participants, stock exchanges may direct the market participants to bring down their positions to comply with the applicable position limits within the time period prescribed by the stock exchange.

4. Accordingly, para 14 of the SEBI circular CIR/MRD/DP/20/2014 dated June 20, 2014 shall stand modified.

5. Stock exchanges and Clearing corporations are directed to:

- (a) take necessary steps to put in place systems for implementation of the circular, including necessary amendments to the relevant bye-laws, rules and regulations.
- (b) bring the provisions of this circular to the notice of the stock brokers / clearing members and also disseminate the same on their website;
- (c) communicate to SEBI the status of implementation of the provisions of this circular.



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Securities and Exchange Board of India

6. Depositories are directed to forward this circular to DDPs, who shall in turn bring the contents of this circular to the notice of the FPIs registered with them.

7. 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,

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Deputy General Manager
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