



CIRCULAR

SEBI/HO/MRD/DRMNP/CIR/P/2017/32

April 18, 2017

All recognized Stock Exchanges and Clearing Corporations

Dear Sir/Madam

Review of the framework of position limits for Interest Rate Futures contracts

With a view to ease trading requirements in the Interest Rate Futures contracts, 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 immediately by the market participants in the event of a drop of total open interest in Interest Rate Futures contracts within the respective maturity bucket.

2. However, in the aforementioned scenario, such market participants shall not be allowed to increase their existing positions or create new positions in the Interest Rate Futures contracts of the respective maturity bucket till they comply with the applicable position limits.
3. Notwithstanding the above, in view of risk management or surveillance concerns with regard to the positions of such market participants, stock exchanges may direct them to bring down their positions to comply with the applicable position limits within the time period prescribed by the stock exchanges.
4. 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 their members and also disseminate the same on their websites; and
 - c) communicate to SEBI, the status of implementation of the provisions of this circular in the Monthly Report.
5. 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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