



CIRCULAR

SEBI/HO/MRD/DP/CIR/P/2017/63

June 28, 2017

To,

All Stock exchanges and Clearing corporations

Dear Sir / Madam,

Subject: Participation of Non Resident Indians (NRIs) in the Exchange Traded Currency Derivatives (ETCD) segment

Reserve Bank of India (RBI) vide A.P. (DIR Series) Circular no. 30 dated February 02, 2017 has permitted Non Resident Indians (NRIs) to participate in the exchange traded currency derivatives market to hedge the currency risk arising out of their investments in India under FEMA, 1999.

2. NRIs are now permitted to trade in the currency derivatives segment of stock exchanges, subject to terms and conditions mentioned in the aforesaid RBI circular and this circular.

3. NRIs shall take position in the currency derivatives segment of a recognised stock exchange as specified in the para 5 of this circular subject to the following conditions:

- (i) NRIs shall designate an Authorised Dealer Category-I bank who is also a clearing member of the stock exchange / clearing corporation for the purpose of monitoring and reporting their combined positions in the OTC and ETCD segments.
- (ii) NRIs may take positions in the currency futures / exchange traded options market to hedge the currency risk on the market value of their permissible (under FEMA, 1999) Rupee investments in debt and equity and dividend due and balances held in NRE accounts.
- (iii) The onus of complying with the relevant provisions of the RBI A.P. (DIR Series) Circular no. 30 dated February 02, 2017 shall rest with the NRI and in case of any contravention, the NRI shall render itself liable to any action that may be warranted by RBI as per the provisions of Foreign Exchange Management Act, 1999.

4. The exchange/ clearing corporation shall provide details of all transactions of the NRIs to the designated bank to enable monitoring of positions of NRIs as



per the provisions of the RBI A.P. (DIR Series) Circular no. 30 dated February 02, 2017.

Position limits for NRIs in the permitted currency pairs

5. The position limits for NRIs in the permitted currency pairs shall be as given in the table below

Currency Pair	Position limits
USD-INR	Gross open position across all contracts shall not exceed 6% of the total open interest or USD 10 million, whichever is higher.
EUR-INR	Gross open position across all contracts shall not exceed 6% of the total open interest or EUR 5 million, whichever is higher.
GBP-INR	Gross open position across all contracts shall not exceed 6% of the total open interest or GBP 5 million, whichever is higher.
JPY-INR	Gross open position across all contracts shall not exceed 6% of the total open interest or JPY 200 million, whichever is higher.

6. Accordingly, Para I.1.d. of the SEBI Circular SEBI/DNPD/Cir-38/2008 dated August 06, 2008 regarding Exchange Traded Currency Derivatives is modified as under:

Appropriate mechanisms are implemented to prevent participation in Exchange Traded Currency Derivatives of “persons resident outside India”, as defined in Section 2(w) of the Foreign Exchange Management Act, 1999, except persons allowed under regulation 5B of Foreign Exchange Management (Foreign Exchange Derivative Contracts) (Amendment) Regulations, 2016

7. Stock exchanges and Clearing Corporations are directed to:

- (i) take necessary steps to put in place necessary systems for implementation of the circular, including necessary amendments to the relevant bye-laws, rules and regulations,



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Securities and Exchange Board of India

- (ii) bring the provisions of this circular to the notice of the stock brokers and also disseminate the same on their website, and
- (iii) communicate the status of implementation of the provisions of this circular in the Monthly Development report submitted to SEBI including pre-trade and post-trade controls.

8. 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,

Sanjay Purao

Deputy General Manager
email: sanjayp@sebi.gov.in