



**CIRCULAR**

SEBI/HO/MRD/DP/CIR/P/2017/102

September 13, 2017

To,

All Stock exchanges, (except for Commodity Derivatives Stock Exchanges)  
All Clearing corporations, (except for Commodity Derivatives Clearing Corporations)  
All Depositories.

Dear Sir / Madam,

**Subject: Clarification on Exchange Traded Cross Currency Derivatives contracts on EUR-USD, GBP-USD and USD-JPY currency pairs**

1. SEBI vide circular SEBI/HO/MRD/CP/CIR/P/2016/38 dated March 9, 2016 laid down the detailed framework for introduction of cross-currency futures and option contracts in the EUR-USD, GBP-USD and USD-JPY currency pairs and introduction of currency option contracts in EUR-INR, GBP-INR and JPY-INR currency pairs. The said framework inter-alia specified the requirement of monitoring of synthetic positions created using combination of currency derivatives contracts (FCY-INR) and cross currency derivatives contracts (FCY-FCY).
2. It has been decided to modify para 6 of SEBI circular dated March 09, 2016 as under:
  - (a) The Stock Brokers (bank and non-bank) shall ensure that all proprietary positions created in FCY-INR pairs (USD-INR, EUR-INR, GBP-INR and JPY-INR) is within the following consolidated position limits:

Single INR limit for proprietary position for bank stock brokers	Single INR limit for proprietary position for non-bank stock brokers
Higher of 15 % of Total OI across all FCY-INR pairs or USD 200 million.	Higher of 15 % of Total OI across all FCY-INR pairs or USD 100 million.



**भारतीय प्रतिभूति और विनिमय बोर्ड**  
**Securities and Exchange Board of India**

- (b) Stock exchanges, in consultation with each other, shall implement a uniform methodology for computing and monitoring of the aforementioned proprietary positions limits in INR.
- (c) Further, the aforementioned positions limits are in addition to the requirement of monitoring of proprietary position limits prescribed vide SEBI circular CIR/MRD/DP/20/2014 dated June 20, 2014 and SEBI circular CIR/MRD/DP/30/2014 dated October 22, 2014.
3. Accordingly, para 6 of SEBI circular SEBI/HO/MRD/CP/CIR/P/2016/0000000038 dated March 9, 2016 shall stand modified. All other conditions specified in SEBI circular dated March 09, 2016 and SEBI circular SEBI/HO/MRD/DP/CIR/P/2017/98 dated August 31, 2017 shall remain unchanged.
4. Stock exchange / clearing corporation shall submit a proposal to SEBI for approval for the launch of the cross-currency derivatives product(s). Such proposal shall, inter-alia, include the details of contract specifications, risk management framework, surveillance systems, and other requirements specified in this circular and SEBI circular dated March 09, 2016.
5. 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;
  - (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 to SEBI the status of implementation of the provisions of this circular.
6. 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**

**Susanta Kumar Das**  
**Deputy General Manager**  
**Email: susantad@sebi.gov.in**