

NATIONAL STOCK EXCHANGE OF INDIA LIMITED**DEPARTMENT : SURVEILLANCE****Download Ref. No.: NSE/SURV/37032****Date: February 22, 2018****Circular Ref. No.:- 41/2018**

To All NSE Members

Sub: Position limits for Exchange Traded Cross Currency Derivatives contracts on EUR-USD, GBP-USD and USD-JPY currency pairs

This is with reference to the SEBI circular no SEBI/HO/MRD/DP/CIR/P/2017/102 dated September 13, 2017 and NSE circular ref no. NSE/SURV/35827 dated September 15, 2017 regarding clarification on Exchange Traded Cross Currency Derivatives contracts on EUR-USD, GBP-USD and USD-JPY currency pairs.

As per the circular following shall be the position limits:

1. Position limits for stock brokers (banks and non-bank), Category I & II FPIs, Domestic Institutional investors (DIIs) as permitted by the respective sectoral regulators and AD Category-I banks

Currency Pair	Position Limits
EUR-USD	Gross open position across all contracts shall not exceed 15% of the total open interest or EUR 100 million, whichever is higher.
GBP-USD	Gross open position across all contracts shall not exceed 15% of the total open interest or GBP 100 million, whichever is higher.
USD-JPY	Gross open position across all contracts shall not exceed 15% of the total open interest or USD 100 million, whichever is higher.

The aforementioned limits shall be the total limits available to the stock brokers for taking positions on proprietary basis and for positions of their clients.

2. Proprietary position of non-bank stock brokers

Currency Pair	Position Limits
EUR-USD	Gross open position across all contracts shall not exceed 15% of the total open interest or EUR 50 million, whichever is higher.
GBP-USD	Gross open position across all contracts shall not exceed 15% of the

	total open interest or GBP 50 million, whichever is higher.
USD-JPY	Gross open position across all contracts shall not exceed 15% of the total open interest or USD 50 million, whichever is higher.

3. Position limits for Clients and Category III FPIs

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

4. Proprietary positions created in FCY-INR pairs (USD-INR, EUR-INR, GBP-INR and JPY-INR) shall have following limits

Single INR limit for proprietary position for bank stock broker	Single INR limit for proprietary position for non-bank stock broker
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

Methodology for computation of single INR limit is as follows:

- 15% of the previous day's open interest shall be computed for each FCY-INR pair in respective foreign currency and converted to INR using the previous day's respective RBI reference rate
- This shall be aggregated to arrive at 15% of the total open interest across all FCY-INR pairs in INR
- The limit of USD 200 million/ USD 100 million for proprietary position for bank/non-bank stock broker respectively shall be converted into INR using the previous day's USD-INR RBI reference rate
- Higher of (b) or (c) would be the applicable position limit in INR for proprietary position for bank/non-bank stock broker respectively
- Proprietary position for bank/non-bank stock broker in each FCY-INR pair in respective foreign currency shall be converted to INR using the previous day's respective RBI reference rate and aggregated to arrive at positions in INR
- The position computed in (e) shall be compared with applicable position limit in (d)
- Please refer Annexure-1 on example for computation of single INR limit in case of proprietary position for non-bank stock broker

5. There is no requirement to establish underlying exposure to take positions in the exchange traded cross-currency Futures and Options contracts

The aforesaid circular will be applicable w.e.f. February 27, 2018.

In case of any clarifications, you are requested to contact the following

Position limits for stock brokers (banks and non-bank), Category I & II FPIs, Domestic Institutional investors (DIIs)	NSCCL Contact: 18002660051
Position limits for Proprietary position of non-bank stock brokers, Clients and Category III FPIs	Surveillance Contact: 26598166/8129

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