



भारतीय रिज़र्व बैंक

RESERVE BANK OF INDIA

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A. P. (DIR Series) Circular No. 18

February 26, 2018

All Category - I Authorised Dealer banks

Madam/Sir,

Risk Management and Inter-bank Dealings: Revised guidelines relating to participation of a person resident in India and Foreign Portfolio Investor (FPI) in the Exchange Traded Currency Derivatives (ETCD) Market

Attention of Authorized Dealers Category - I (AD Category - I) banks is invited to the Foreign Exchange Management (Foreign Exchange Derivative Contracts) Regulations, 2000 dated May 3, 2000 ([Notification No. FEMA.25/RB-2000 dated May 3, 2000](#)), as amended from time to time, [A.P. \(DIR Series\) Circular No. 90 dated March 31, 2015](#) relating to participation of a person resident in India in the Exchange traded currency derivatives (ETCD) market, [A.P. \(DIR Series\) Circular No. 91 dated March 31, 2015](#) relating to participation of a Foreign Portfolio Investor (FPI) in the ETCD market.

2. Currently, persons resident in India and FPIs are allowed to take a long (bought) or short (sold) position in USD-INR upto USD 15 million per exchange without having to establish existence of underlying exposure. In addition, residents & FPIs are allowed to take long or short positions in EUR-INR, GBP-INR and JPY-INR pairs, all put together,

वित्तीय बाज़ार विनियमन विभाग, केंद्रीय कार्यालय, पहली मंजिल, मुख्य भवन, शहीद भगत सिंह मार्ग, फोर्ट, मुंबई 400001 -, भारत
फोन: (+91-22) 2260 3000, फ़ैक्स: (+91-22) 2270 2290, ई-मेल :cgmfmrdr@rbi.org.in

Financial Markets Regulation Department, Central Office, 1st Floor, Main Building, Shahid Bhagat Singh Road, Fort, Mumbai – 400001, India
Tel: (+91-22) 2260 3000, Fax: (+91-22) 2270 2290, E-mail: cgmfmrdr@rbi.org.in

हिन्दी आसान है, इसका प्रयोग बढ़ाइए



upto USD 5 million equivalent per exchange without having to establish existence of any underlying exposure.

3. It has now been decided to permit persons resident in India and FPIs to take positions (long or short), without having to establish existence of underlying exposure, upto a single limit of USD 100 million equivalent across all currency pairs involving INR, put together, and combined across all exchanges.

4. The onus of complying with the provisions of this circular rests with the participant in the ETCD market and in case of any contravention the participant shall be liable to any action that may be warranted as per the provisions of Foreign Exchange Management Act, 1999 and the regulations, directions, etc. issued thereunder. These limits shall also be monitored by the exchanges, and breaches, if any, may be reported to the Reserve Bank of India.

5. All other operational guidelines, terms and conditions shall remain unchanged.

6. This circular has been issued under Sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and is without prejudice to permissions/approvals, if any, required under any other law.

Yours faithfully,

(T. Rabi Sankar)
Chief General Manager