



भारतीय रिज़र्व बैंक

RESERVE BANK OF INDIA

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March 1, 2018

All market participants

Madam/Sir,

Separate limit of Interest Rate Futures (IRFs) for Foreign Portfolio Investors (FPIs)

Please refer to Paragraph 8 of the statement on Developmental and Regulatory Policies, issued as part of the [third Bi-monthly Monetary Policy Statement for 2017- 18 dated August 02, 2017](#), wherein a separate limit of Interest Rate Futures for Foreign Portfolio Investors was proposed.

2. Currently, the FPI limit for Government Securities (G-secs) is fungible between investments in G-secs and investment in IRF. FPI long positions in IRF are not allowed on G-sec limit utilisation reaching 90%. To facilitate further market development and to ensure that access of FPIs to IRFs remains uninterrupted, it has been decided to allocate FPIs a separate limit of ₹ 5,000 crore for long position in IRFs. Accordingly, para 4.2 of the [RBI Directions No. IDMD.PCD.07/ED\(RG\)-2013 dated December 05, 2013](#) is amended to read as follows:

“Foreign Portfolio Investors, registered with Securities and Exchange Board of India, are permitted to purchase or sell Interest Rate Futures subject to the following conditions:

(i) the aggregate long position of all FPIs, each of whom has a net long position in any IRF instrument, shall not exceed ₹ 5000 crore, aggregated across all IRF instruments,

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and

(ii) the total gross short (sold) position of any Foreign Portfolio Investor shall not exceed its consolidated long position in Government securities and Interest Rate Futures, at any point in time”.

3. The limits prescribed for investment by FPIs in G-secs (currently ₹ 3,01,500 crore) will be exclusively available for investment in G-secs. All other terms and conditions of the extant IRF directions will remain unchanged.

4. The detailed operational guidelines in this regard will be issued separately by SEBI.

5. The above directions are issued under section 45 (W) of the RBI Act, 1934.

Yours faithfully

(T. Rabi Sankar)
Chief General Manager