

### 1. I am a registered Foreign Portfolio Investor (FPI) in India, which products in currency derivatives can I trade?

You can trade in all currency pairs available in the Currency Derivatives Segment (CDS) of the exchange. Currency futures contracts are available for USDINR, EURINR, GBPINR and JPYINR. Currency options contracts are available for USDINR only.

### 2. What is the size of each contract of different currency pairs?

The size of each contract for different currency pairs on the exchange are as follows:

Currency Pair	Contract Size
USDINR	USD 1000
EURINR	EUR 1000
GBPINR	GBP 1000
JPYINR	JPY 100,000

### 3. How are currency futures & options contracts settled on exchange?

All currency futures & options contracts on exchange are net settled in cash in Indian Rupee. The final settlement price is the RBI Reference rate for each currency pair published on the last trading day for the expiry month.

### 4. I have no exposure to cash equity, debt or mutual funds in India - can I trade currencies? How much?

Yes. You can trade in exchange traded currency derivatives in India even if you have no exposure to cash equity, debt or mutual funds in India subject to the position limits prescribed by Securities Exchange Board of India (SEBI).

You can hold a long as well as a short position upto USD 15 million per stock exchange in USDINR. You can hold a long as well as a short position upto USD 5 million equivalent per stock exchange for EURINR, GBPINR and JPYINR, all put together. This is subject to position limits mentioned in point no. 8, 19 and 20.

### 5. Can I short USDINR? How much can I hold short?

Yes. You can hold short USDINR upto USD 15 million per stock exchange. This is subject to position limits mentioned in point no. 8.

### 6. Can I hold a position in USDINR beyond USD 15 million?

You can hold a long position in USDINR beyond USD 15 million. This is provided you have an underlying exposure to Indian debt, equity or units of equity/debt mutual funds. Your short position limit in USDINR is restricted to USD 15 million i.e. you are permitted to hedge your foreign exchange exposure with exchange derivatives.

### 7. Is the hedge limit over and above the free limit?

Yes. The hedge limit is over and above the free limit subject to the position limits applicable for each currency pair(s) as mentioned in point no. 8 and 19.

### 8. What will be the long position limit applicable for USDINR currency pair if I have an underlying exposure as defined in point no. 6?

The following position limits are applicable for FPIs:

FPI	Position Limits
Category I & II	Gross open position across all contracts shall not exceed 15% of the total open interest or USD 100 million, whichever is higher.
Category III	Gross open position across all contracts shall not exceed 6% of the total open interest or USD 10 million, whichever is higher.

### 9. How are the current day's applicable position limits calculated in each currency pair?

Current day's position limits are based on the previous trading day's closing open interest in the respective currency pairs. The position limits are subject to the position limits mentioned in point no. 8 and 19 with respect to different category of FPIs and different currency pairs.

### 10. How is the long position and short position in each currency pair defined on exchange?

The long position in each currency pair is defined as a sum of all open position across all expiries in the following instruments:

- Long Futures
- Long Calls
- Short Puts

The short position in each currency pair is defined as a sum of all open position across all expiries in the following instruments:

- Short Futures
- Short Calls
- Long Puts

### 11. How is the computation of client level open position done on NSE?

Client level open positions are computed by taking higher of total number of long contracts and total number of short contracts in each currency pair across all expiries in notional value.

#### Example (In no. of contracts):

Currency Pair	Position	Long/Short	Expiry Month	Net Long	Net Short
USDINR	Futures	Long	June	3000	0
USDINR	Futures	Short	August	0	1000
USDINR	Call Option @ 62.00	Long	May	2000	0
USDINR	Call Option @ 63.00	Short	May	0	2000
USDINR	Put Option @ 61.50	Short	May	2000	0
USDINR	Put Option @ 64.00	Long	June	0	1000
<b>Total</b>				<b>7000</b>	<b>4000</b>
<b>Total open position (Higher of net longs and net shorts)</b>				<b>7000</b>	

Gross open position for a FPI in the above scenario for USDINR is 7000 contracts.

### 12. How is the position limit defined in USDINR if I have actual underlying exposure?

If you have underlying exposure as mentioned in point no. 6, then the position limit for USDINR is defined as follows:

#### For Category I & II FPI

**Long position limit** = (USD 15 mn + Underlying exposure) <= (15% of Open Interest or USD 100 million, whichever is higher).

**Short position limit** = USD 15 mn

#### Example for USDINR for Category I & II FPI:

Exchange OI	Position Limit (15% of OI)	FPI's Actual Underlying Exposure	Permissible Long position	Permissible Short Position
\$ 600 mn	\$ 90 mn	\$ 60 mn	\$ 75 mn	\$ 15 mn
\$ 600 mn	\$ 90 mn	\$ 150 mn	\$ 100 mn	\$ 15 mn
\$ 1.50 bn	\$ 225 mn	\$ 300 mn	\$ 225 mn	\$ 15 mn
\$ 1.50 bn	\$ 225 mn	Nil	\$ 15 mn	\$ 15 mn

#### For Category III FPI

**Long position limit** = (USD 15 mn + Underlying exposure) <= (6% of Open Interest or USD 10 million, whichever is higher).

**Short position limit** = USD 15 million

#### Example for USDINR for Category III FPI:

Exchange OI	Position Limit (6% of OI)	FPI's Actual Underlying Exposure	Permissible Long position	Permissible Short Position
\$ 600 mn	\$ 36 mn	\$ 60 mn	\$ 36 mn	\$ 15 mn
\$ 1.50 bn	\$ 90 mn	\$ 80 mn	\$ 90 mn	\$ 15 mn
\$ 1.50 bn	\$ 90 mn	\$ 50 mn	\$ 65 mn	\$ 15 mn
\$ 1.50 bn	\$ 90 mn	Nil	\$ 15 mn	\$ 15 mn
\$ 100 mn	\$ 6 mn	Nil	\$ 10 mn	\$ 10 mn

### 13. Do I need to unwind positions in case the open interest (OI) drops and the gross open position limit decreases?

If the position is taken for hedging underlying exposure, the positions need not be unwound in case of drop in open interest. You can unwind your existing positions, but you cannot increase your positions. You need to ensure that the open positions are within the eligible limits before you can add fresh position in this scenario.

### 14. What happens if I breach the short position limits for USDINR? What if I take a position beyond my available underlying exposure?

If you exceed your position limits, the custodian is required to report the same to RBI. The onus on staying within limits rests with the FPI. The exchange provides the custodians with an EOD report

mentioning the max position during the day. This enables the custodians to verify that the FPI client is within limit.

### 15. Can I take intraday position higher than the eligible position limit?

You should not breach the eligible position limit at any point of time. The exchange will report the max intra-day position to the Custodian. The onus of maintaining the position limits within the prescribed limits rests with FPIs. At the end of the day the Custodian is required to report the max intraday position breach if any to RBI.

### 16. How to rollover the open contracts from one month to another month?

You can use the facility of spread contracts for rollover of open contracts from one month to another month. If you are doing rollover without using spread contracts then you need to ensure that there should not be position limit breach during rollover.

**Example:** You are holding short position in USDINR futures worth USD 15 mn in May contract. You can use the facility of spread contracts to rollover the short positions from May to Jun. Spread contract facility allows simultaneously executing long/short trade in one month and long/short in another month. If the spread contract facility is not used, then you need to buy May contract to close your position and then sell Jun contract to avoid position limit breach.

### 17. I hold short position of USD 15 million on expiry day which I don't roll over, which therefore expires. Post expiry, I have added a fresh short position of USD 15 million. Will it be considered a breach?

No. It will not be considered as position limit breach. However, the fresh position added after the expiry of the contract should be within the eligible limits mentioned in point no. 8 and 19.

### 18. To whom is the breach in the short position limit reported?

Exchanges report the short position limit to the Market Surveillance Team of Financial Market Regulation Department (FMRD) of RBI.

### 19. What will be the long position limit for other currency pairs if I have an underlying exposure in Indian debt or equity securities, including units of equity/debt mutual funds?

The long position limit for other currency pairs including EURINR, GBPINR and JPYINR will be upto their underlying exposure in Indian debt or equity securities, including units of equity/debt mutual funds subject to the following position limits:

Currency Pair	Category I & II	Category III
EURINR	Gross open position across all contracts shall not exceed 15% of the total open interest or EUR 50 million, whichever is higher.	Gross open position across all contracts shall not exceed 6% of the total open interest or EUR 5 million, whichever is higher.
GBPINR	Gross open position across all contracts shall not exceed 15% of the total open interest or GBP 50 million, whichever is higher.	Gross open position across all contracts shall not exceed 6% of the total open interest or GBP 5 million, whichever is higher.

Currency Pair	Category I & II	Category III
JPYINR	Gross open position across all contracts shall not exceed 15% of the total open interest or JPY 2000 million, whichever is higher.	Gross open position across all contracts shall not exceed 6% of the total open interest or JPY 200 million, whichever is higher.

### 20. How are the USD 5 million equivalents position limits calculated for EURINR, GBPINR and JPYINR currency pairs, all put together?

Exchange provides a fixed ratio for conversion on quarterly basis. Presently, the ratio is as follows:

USD 1 million	0.90 EUR million
USD 1 million	0.65 GBP million
USD 1 million	122.30 JPY million

**Note:** Please refer to NSE circular reference no. 30824 dated 24-Sep-2015 and subsequent circulars for latest conversion ratio. The above table is indicative.

### 21. How much position can I take in EURINR, GBPINR and JPYINR currency pairs, all put together without having any underlying exposure?

As per the fixed ratio, if you do not have any underlying exposure then you can take positions in EURINR, GBPINR and JPYINR currency pairs individually as follows:

Currency Pair	Notional Amount	No of Contracts
EURINR	4.50 million	4,500 contracts
GBPINR	3.25 million	3,250 contracts
JPYINR	611.50 million*	6,115 contracts*

\*Subject to position limits mentioned in point no. 19

However, the gross open position for EURINR, GBPINR and JPYINR, all put together should be within USD 5 million equivalents as per the conversion ratio mentioned in point no.20.

### 22. Can I take positions in combination of EURINR, GBPINR and JPYINR without having any underlying exposure?

Yes. You can take positions in combination of EURINR, GBPINR and JPYINR without having any underlying exposure. However, you need to ensure that the gross open positions in EURINR, GBPINR and JPYINR, all put together does not exceed USD 5 million equivalents as per ratio prevalent at the time. The positions are also subject to the position limits mentioned in point no. 19.

### 23. How are the position limits equivalent to USD 5 million calculated for positions in combination of EURINR, GBPINR and JPYINR, all put together?

The position limits for positions in combination of EURINR, GBPINR and JPYINR, all put together are calculated based on the higher of long or short positions in the mentioned currency pairs subject to the fixed ratio for conversion from USD 1 million into the respective currency pairs mentioned in point no. 20 & 21. The following few examples highlight different combinations which can be taken by a FPI:

Currency Pair	Position	Notional
EURINR	Long (May contract)	4.55 million
EURINR	Short (June Contract)	4.55 million
<b>Allowed</b>		
Currency Pair	Position	Notional
EURINR	Long	4.55 million
GBPINR	Short	3.30 million
<b>Allowed</b>		
Currency Pair	Position	Notional
GBPINR	Long	3.30 million
JPYINR	Short	595.50 million*
<b>Allowed</b>		
Currency Pair	Position	Notional
GBPINR	Long	3.30 million
EURINR	Short	2.73 million
JPYINR	Short	238.20 million*
<b>Allowed</b>		

\*Subject to position limits mentioned in point no.19

### Circular References

- [RBI Notification RBI/2013-14/650 dated 20-Jun-2014](#)
- [SEBI Circular Ref. CIR/MRD/DP/20/2014 dated 20-Jun-2014](#)
- [RBI Notification RBI/2014-15/527 dated 31-Mar-2015](#)
- [SEBI Circular Ref. CIR/MRD/DP/ 04 /2015 dated 08-Apr-2015](#)
- [NSE Circular No.29575 dated 29-Apr-2015](#)