



**CIRCULAR**

SEBI/HO/MRD/CIR/P/2019/103

September 26, 2019

All Recognized Stock Exchanges  
All Recognized Clearing Corporations

Dear Sir / Madam

**Position Limits in Interest Rate Derivatives (IRD)**

SEBI vide circulars CIR/MRD/DRMNP/35/2013 dated December 5, 2013, CIR/MRD/DRMNP/ 2/2014 dated January 20, 2014 and CIR/MRD/DRMNP/11/2015 dated June 12, 2015 prescribed framework for trading of Cash settled Interest Rate Derivatives (IRD) on Stock Exchanges.

2. Based on the consultations held with stock exchanges, it has been decided to review the extant position limits in Interest Rate Derivatives as under:
- (i) Banks and Primary Dealers dealing as clients shall have same position limits as are applicable to Trading Members.
  - (ii) Institutions belonging to Category I and II FPIs (i.e. other than individuals, family offices and companies) shall have same position limits as are applicable to Trading Members, whereas non-institutions belonging to Category II FPI (i.e. individuals, family offices and companies) shall have same position limits as are applicable to clients.
  - (iii) Position limits have been revised for Interest Rate Derivatives falling in 8-11 years residual maturity bucket. The revised position limits for all the buckets shall be as under:

<b>Category</b>	<b>Position limits for 8-11 year bucket</b>	<b>Position limits each for 4-8 and 11-15 years bucket</b>
Trading members, institutions in Category I and II FPIs (i.e. other than individuals, family offices and companies), banks and Primary Dealers, Mutual Funds (at AMC level), Insurance Companies, Pension Funds and Housing Finance companies	10% of Open Interest or INR1,200 crore whichever is higher	10% of Open Interest or INR 600 crore whichever is higher

Non-institutions in Category II FPIs (i.e. individuals, family offices and companies), Mutual Fund (Scheme level) and other clients	3% of Open Interest or INR 400 crore whichever is higher	3% of Open Interest or INR 200 crore whichever is higher
---	--	--

3. The provisions of this circular shall come into force with immediate effect.
4. This circular is issued in exercise of the powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act 1992, read with Section 10 of the Securities Contracts (Regulation) Act, 1956 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

Yours faithfully

(Bithin Mahanta)  
Deputy General Manager  
**email:** bithinm@sebi.gov.in