



CIRCULAR

SEBI/HO/MRD/DP/CIR/P/2016/143

December 27, 2016

To,

All Stock Exchanges (except for Commodity Derivatives Exchanges).

Dear Sir / Madam,

Subject: Review of the position limits available to Stock Brokers / Foreign Portfolio Investors (FPIs) - Category I & II / Mutual Funds (MFs) for stock derivatives contracts

The position limits for Trading Member / Foreign Institutional Investor (FII) / Mutual Funds (MF) for stock based derivatives were specified vide SEBI circular DNPD/Cir-30/2006 dated January 20, 2006. Further, in order to effect a smooth transition to the Foreign Portfolio Investors (FPI) regime, vide SEBI CIR/MRD/DP/15/2014 dated May 15, 2014, it was advised that Category I & II FPIs shall have position limits as available to FIIs and Category III FPIs shall have position limits as applicable to the clients.

2. With a view to ease trading requirements of Stock Brokers / Foreign Portfolio Investors (FPIs) - Category I & II / Mutual Funds (MFs) in equity derivatives segment, it has been decided in consultation with SEBI's Secondary Market Advisory Committee (SMAC) to modify the provisions of SEBI circular DNPD/Cir-30/2006 dated January 20, 2006 as under:

Position limits of Stock Brokers / FPIs (Category I & II) / Mutual Funds for stock derivatives contracts

The combined futures and options position limit shall be 20% of the applicable Market Wide Position Limit (MWPL).

3. The MWPL and client-level position limits would remain the same as prescribed earlier.

4. Stock exchanges are directed to:

(a) take necessary steps to put in place systems for implementation of the circular, including necessary amendments to the relevant by-laws, rules and regulations.



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Securities and Exchange Board of India

- (b) bring the provisions of this circular to the notice of the stock brokers and also disseminate the same on their website;
- (c) communicate to SEBI the status of implementation of the provisions of this circular.

5. This circular is being issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

Yours faithfully,

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Deputy General Manager
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