NSDL
Technology, Trust & Reach

Participant Services Circular

Circular No.: NSDL/POLICY/DDP/2026/0013 November 06, 2026

Subject: SEBI Circular on Revision of limits relating to requirement of underlying exposure for currency derivatives contracts.

Attention of Participants who are registered with SEBI as Designated Depository Participants ("DDPs") / Custodians / Depository Participants ("DPs") is invited to SEBI Circular no. HO/(561)2026-MRD-POD2/ I/25177/2026 dated November 05, 2026 regarding *"*Revision of limits relating to requirement of underlying exposure for currency derivatives contracts*"* **(copy enclosed)**.

DDPs / Custodian are requested to take note of the same and bring the contents of this circular to the notice of their FPI clients.

For and on behalf of
National Securities Depository Limited

Rakesh Mehta
Digitally signed by Rakesh Mehta
Date: 2026.11.06 19:11:18 +05'30'

Rakesh Mehta
Vice President

Enclosure: One

FORTHCOMING COMPLIANCE			
Particulars	**Deadline**	**Manner of sending**	**Reference**
Investor Grievance Report (Monthly)	By 10th of the following month	Through e-PASS	Para 22 of 'Grievance Redressal' chapter and Para 27 of 'Internal Controls/Reporting to NSDL/SEBI' chapter of NSDL Master Circular for Participants
Networth Certificate and Audited Financial Statements. (yearly)	December 31st	Through e-PASS	Circular No.: NSDL/POLICY/2026/0169 dated October 30, 2026
Internal/ Concurrent Audit Report (half yearly)	May 15 and November 15	Through e-PASS	Para 20.4 of 'Internal Controls/Reporting to NSDL/SEBI' chapter of NSDL Master Circular for Participants and Circular No.: NSDL/POLICY/2024/0147
Compliance report w.r.t Same Mobile number and/ or email address captured for multiple accounts. (Monthly)	Before 27th of following month	Through Email.	Para 26 of 'Miscellaneous' chapter of NSDL Master Circular for Participants.

HO/(561)2026-MRD-POD2/ I/25177/2026 **November 05, 2026**

To,

All Stock Exchanges;

All Clearing Corporations;

All Depositories;

All Designated Depository Participants (DDPs) through Depositories;

All Custodians of Securities;

All Foreign Portfolio Investors (FPIs) through their DDPs.

Sir / Madam,

Subject: Revision of limits relating to requirement of underlying exposure for currency derivatives contracts

1. This is further to Clause 5.3.2.3 and Clause 5.3.3 of Master circular for Stock Exchanges and Clearing Corporations dated December 30, 2024, regarding the limits for currency derivatives contracts beyond which market participants are required to establish the existence of underlying exposure.

2. The Reserve Bank of India (RBI), vide A.P. (DIR Series) Circular No. 25 dated October 10, 2026, on Risk Management and Inter-Bank Dealings, has revised the threshold limits for taking positions in foreign exchange derivatives involving the Indian Rupee (INR) without establishing the existence of underlying exposure. RBI has also prescribed additional requirements relating to cancellation and rebooking of foreign exchange derivative contracts and documentation for hedging contracted exposures. A copy of RBI's circular is enclosed for reference and necessary compliance.

3. Accordingly, the provisions of Clause 5.3.3 of SEBI Master Circular for Stock Exchanges and Clearing Corporations, related to threshold limits for taking unhedged positions in foreign exchange, dated December 30, 2024 are modified as under:

   "5.3.3.1 Domestic clients and Foreign Portfolio Investors (FPIs) may take long or short positions in currency derivatives contracts involving INR, without having to establish the existence of underlying exposure, up to a

single limit of USD 5 million equivalent of notional value (outstanding at any point), across all currency pairs involving INR, put together, and combined across all recognised stock exchanges.

5.3.3.2 FPIs shall ensure that their short positions at all stock exchanges across all contracts in FCY-INR pairs do not exceed USD 5 million.

5.3.3.3 ….

5.3.3.4 To take long positions in excess of USD 5 million in all contracts in FCY-INR pairs, FPIs shall be required to have an underlying exposure in Indian debt or equity securities, including units of equity/debt mutual funds.

5.3.3.5 Domestic clients may take positions in excess of USD 5 million in all contracts in FCY-INR pairs, subject to the conditions specified in the RBI's Master Direction - Risk Management and Inter-Bank Dealings dated July 05, 2016, as amended from time to time, and RBI A.P. (DIR Series) Circular No. 25 dated October 10, 2026.

5.3.3.6 ….

5.3.3.7 ….”

4. All other requirements, terms and conditions specified in SEBI Master Circular dated December 30, 2024, shall remain unchanged, except to the extent modified by this circular or otherwise directed by SEBI.

5. Stock exchanges and clearing corporations are directed to:

   a. Take necessary steps to put in place systems for implementation of this circular, including consequential amendments to the relevant bye-laws, rules and regulations;

   b. Bring the provisions of this circular to the notice of stock brokers and clearing members and disseminate the same on their websites; and

   c. Communicate to SEBI the status of implementation of the provisions of this circular.

6. This circular is being issued in exercise of the 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,

Meetu Aggarwal
Deputy General Manager
Tel. No. 022-20752249
Email: meetua@sebi.gov.in

Enclosure:
(i) Reserve Bank of India A.P. (DIR Series) Circular no. 25 dated October 10, 2026 on 'Risk Management and Inter-bank Dealings'