



भारतीय रिज़र्व बैंक

RESERVE BANK OF INDIA

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RBI introduces Cross Currency Futures and Exchange Traded Cross Currency Option Contracts

The Reserve Bank of India has issued guidelines for introduction of cross currency futures and exchange traded cross currency option contracts in the currency pairs of Euro (EUR)-US Dollar (USD), Pound Sterling (GBP)-USD and USD-Japanese Yen (JPY). Further, exchange traded option contracts in the currency pairs of EUR-Indian Rupee (INR), GBP-INR and JPY-INR have also been introduced in addition to the existing USD-INR pair. The cross currency contracts shall enable direct hedging of exposures in foreign currencies and facilitate execution of cross-currency strategies by market participants.

The key features of the new contracts are:

- (i) Market Participants, i.e., residents and foreign portfolio investors, are allowed to take positions in the cross currency contracts without having to establish underlying exposure subject to the position limits as prescribed by the exchanges.
- (ii) Authorised Dealer Category-I bank trading members may undertake trading in all permitted exchange traded currency derivatives within their Net Open Position Limit (NOPL) subject to limits stipulated by the exchanges (for the purpose of risk management and preserving market integrity) provided that any synthetic USD-INR position created using a combination of exchange traded FCY-INR and cross-currency contracts shall have to be within the position limit prescribed by the exchange for the USD-INR contract.

The related circular [A.P. \(DIR Series\) No.35 dated December 10, 2015](#) with the details of the above announcements has been published on Reserve Bank's website today.

The Reserve Bank had, on September 29th, 2015, announced the introduction of cross-currency futures and exchange traded option contracts in the [Fourth Bi-monthly Monetary Policy Statement 2015-16](#).