



भारतीय रिज़र्व बैंक

RESERVE BANK OF INDIA

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This circular has been superseded by [Short Sale \(Reserve Bank\) Directions, 2018 dated July 25, 2018](#).

RBI/2014-15/365

FMRD.DIRD.02/14.03.007/2014-15

December 24, 2014

All market participants

Dear Sir/Madam

Secondary Market Transactions in Government Securities – Short Selling

This has reference to [circular IDMD.No.03/11.01.01\(B\)/2005-06 dated February 28, 2006](#), as updated vide [circulars IDMD.No/11.01.01\(B\)/2006-07 dated January 31, 2007](#), [IDMD.DOD.No. 3165/ 11.01.01\(B\) / 2007-08 dated January 1, 2008](#), [IDMD.PCD.14/14.03.07/2011-12 dated December 28, 2011](#), [IDMD.PCD.21/14.03.07/2011-12 dated June 21, 2012](#) and [IDMD.PCD.06/14.03.07/2014-15 dated September 30, 2014](#) on the captioned subject. In terms of above circulars, scheduled commercial banks and primary dealers are permitted to undertake short selling of Government securities subject to limits and other terms and conditions prescribed by the Reserve Bank from time to time.

2. Further, in terms of [RBI circular UBD.BPD.\(PCB\).Cir.No.9/09.29.00/2013-14 dated September 4, 2013](#), certain Urban Cooperative Banks (UCBs) specifically permitted by the Department of Cooperative Bank Supervision for the purpose, can also undertake *intra-day* short sale of Government securities. In this context, it is advised that UCBs, so permitted will also have to adhere to the short sale limits, reporting and other risk management requirements prescribed for eligible entities by the Reserve Bank from time to time.

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3. A reference is also invited to the existing monthly reporting requirement on short sale as set out in the Annex to RBI Circular IDMD.PCD.06/14.03.07/2014-15 dated September 30, 2014. The reporting format has since been modified to capture the changes in the regulatory limits during the month (for instance, due to change in the outstanding amount of the security and/or its benchmark status) and the same is enclosed as Annex. Eligible entities should submit a duly certified report of the daily security-wise short sale position, as per the revised format, to the Financial Markets Regulation Department, Reserve Bank of India, Mumbai on a monthly basis by 8th of the succeeding month. The soft copy of the report should be [emailed](#).

4. All other terms and conditions contained in the aforementioned circulars remain unchanged.

Yours faithfully

(Dimple Bhandia)
General Manager