



CIRCULAR

SEBI/HO/CDMRD/DMP/CIR/P/2017/106

September 26, 2017

1. All Recognized Stock Exchanges in International Financial Services Centre (IFSC)
2. All Foreign Portfolio Investors (FPIs) through their Designated Depository Participants (DDPs)/ Custodian of Securities (Custodians)
3. All DDPs/ Custodians

Dear Sir / Madam,

Sub.: Participation of Foreign Portfolio Investors (FPIs) in Commodity Derivatives in IFSC

1. [SEBI \(International Financial Services Centres\) Guidelines, 2015](#) were issued on March 27, 2015. Subsequently, vide circular [CIR/MRD/DSA/41/2016](#) dated March 17, 2016, SEBI has specified that 'Commodity Derivatives' shall be eligible as securities for trading and the stock exchanges operating in IFSC may permit dealing in commodity derivatives.
2. In this regard, based on the representations received from the exchanges operating in IFSC and after consultations with Government of India and RBI, it has been decided that FPIs shall be permitted to participate in commodity derivatives contracts traded in stock exchanges in IFSC subject to following conditions:-
 - 2.1. The participation would be limited to the derivatives contracts in non-agricultural commodities only.
 - 2.2. Contracts would be cash settled on the settlement price determined on overseas exchanges.
 - 2.3. All the transactions shall be denominated in foreign currency only.
3. The provisions of this circular shall come into effect from the date of this Circular.
4. The Exchanges are advised to:



भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

- i. take steps to make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of the same.
 - ii. bring the provisions of this circular to the notice of the members of the Exchange and also to disseminate the same on their website.
5. This circular is 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.
6. This circular is available on SEBI website at www.sebi.gov.in under the category "Circulars", "Info for Commodity Derivatives"

Yours faithfully,

Vikas Sukhwal
Deputy General Manager
Division of Market Policy
Commodity Derivatives Market Regulation Department
Email: vikass@sebi.gov.in