

EXPORT PROMOTION COUNCIL FOR EOUs & SEZs

Ministry of Commerce & Industry, Government of India

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EPCES CIRCULAR NO. 246 DATED 19-04-2017

Sub :Inclusion of “Derivatives on Equity shares” – IFSC

We are pleased to inform you that SEBI has included “Derivatives of Equity Shares of a company incorporated in India” as a part of Permissible Securities under SEBI (IFSC) Guidelines, 2015.

The International Exchange at IFSC received the approval for 10 Equity Stock Futures i.e. Infosys, TCS, SBI, Axis Bank, L&T, HDFC Bank, ICICI Bank, RIL and Maruti.

Further, SEBI permitted the trading of Gold, Silver and Copper in the International Exchange at GIFT IFSC.

It will provide immense opportunity to Capital Market entities to expand offshore business from GIFT IFSC.

We are sure with the current pace of development, GIFT IFSC will provide more such business opportunities to IFSC entities.

A copy of SEBI Circular No.SEBI/HO/MRD/DRMNP/CIR/P/2017/31 dated 13.4.2017 is attached along with for ready reference.

CIRCULAR

SEBI/HO/MRD/DRMNP/CIR/P/2017/31

April 13, 2017

All recognized Stock Exchanges and Clearing Corporations in International Financial Services Centres

Dear Sir/Madam

Sub :Inclusion of “Derivatives on Equity shares” - IFSC

Securities and Exchange Board of India (International Financial Services Centres) Guidelines, 2015 were notified by SEBI on March 27, 2015, which came into force on April 01, 2015.

2. Clause 7 of SEBI (IFSC) Guidelines, 2015 specifies the types of securities in which dealing may be permitted by stock exchanges operating in IFSC. Based on the recommendations of the Risk Management Review Committee of SEBI, it has been decided to specify “Derivatives on equity shares of

a company incorporated in India” (hereinafter referred to as ‘Derivatives on equity shares’) as permissible security under sub-clause (vi) of Clause 7 of SEBI (IFSC) Guidelines, 2015. Accordingly, the recognized stock exchanges operating in IFSC may permit dealing in ‘Derivatives on equity shares’, subject to prior approval of SEBI.

3. SEBI registered Foreign Portfolio Investors (FPIs), operating in IFSC, in terms of SEBI Circular IMD/HO/FPIC/CIR/P/2017/003 dated January 04, 2017, and eligible entities which are incorporated and operating in IFSC shall be eligible to trade in ‘derivatives on equity shares’.

4. The applicable position limits for eligible participants shall be as stipulated vide SEBI circulars SMDRP/DC/CIR-10/01 dated November 02, 2001, DNPDCir-30-2006 dated January 20, 2006 and SEBI/HO/MRD/DP/CIR/P/2016/143 dated December 27, 2016.

5. The Market Wide Position Limit (MWPL) for ‘derivatives on equity shares’ shall be equal to ten percent of the number of shares held by non-promoters in the relevant underlying security (i.e. free-float holding). Further, the MWPL for ‘derivatives on equity shares’ in recognized stock exchanges in IFSC shall be reckoned separately from that in recognized stock exchanges in domestic market and the MWPL (in value terms), in no circumstances, shall exceed the fifty percent of the MWPL (in value terms) in recognized stock exchanges in domestic market.

6. 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

(Sanjay Puro)
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