To,

All Non-Banking Financial Companies (NBFCs) excluding Residuary Non-Banking Companies (RNBCs)

Dear Sirs,

**Participation in Currency Futures**

Reserve Bank had issued guidelines to banks on trading in currency futures in recognised stock/new exchanges on August 6, 2008.

2. Accordingly, it has been decided that NBFCs may participate in the designated currency futures exchanges recognized by SEBI as clients, subject to RBI (Foreign Exchange Department) guidelines in the matter, **only for the purpose of hedging their underlying forex exposures**. Appropriate disclosures may be made regarding transactions undertaken in the Balance sheet.

Yours faithfully,

(Uma Subramaniam)
Chief General Manager-in-Charge