NSE provides the facility of placing ‘2-Leg’ & ‘3-Leg’ orders which allow the user to execute two ‘Immediate or Cancel’ (IOC) orders simultaneously in multiple currency contracts.

### Explanation of 3-Leg Order:

The participant may have exposure of 1 million Euro but expenses of 1.4 million USD. Having such exposure to EUR & USD. The participant may wish to sell the EUR/USD contracts & buy the USD/INR contracts on NSE.

<table>
<thead>
<tr>
<th></th>
<th>EUR-INR</th>
<th>USD-INR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Futures Price</td>
<td>81.00</td>
<td>41.50</td>
</tr>
<tr>
<td>No. of Contracts</td>
<td>54,1000 Contracts</td>
<td>Buy 14,722 Contracts</td>
</tr>
<tr>
<td>Contract Value (in Rs Cr)</td>
<td>9.7</td>
<td>6.7</td>
</tr>
</tbody>
</table>

This transaction can be executed on NSE by simply ‘2-Leg’ IOC order to sell EUR/USD contract and simultaneously place order to buy USD/INR contract.

### Trading Strategies:

**Case 1:** View: RMB will depreciate against GBP.

**Trade:**

GBP/INR 28 APR 2010 contract - 75.3400

*Current spot rate (01 Apr 2010)*

74.8400

*Buy 1 APR contract*

**Value:** Rupees 75,340 (GBP 1000 * 75.3400)

*Hold contract to expiry: IRIB (Interest rate on 28 APR 10 - 75.9500)*

*Economic return: Profit = Rupees 9800 (75.9500 - 75.3400)*

**Case 2:** Expecting a payment for 100,000 GBP against exports on 28 JUN 2010. Wish to lock in the INR rate today.

**Trade:**

GBP/INR 29 JUN 2010 contract - 76.5000

*Current spot rate (01 JUN 2010)*

74.8100

*Sell 100 JUN contract*

**Value:** Rupees 76,500,000

*Expiry date:* IRIB rate on 28 JUN 2010 - 76.9000

*Eff. GBP 100,000 in the Spot OTC markets at 76.6000*

*Economic Return: Profit = Rupees 2000

(76.9000 - 76.5000)

**Case 3:** Trader expecting depreciation of USD against RMB & appreciation of JPY against RMB.

**Trade:**

14,000 contracts of USD/INR & buy 9,820 contracts of JPY/INR.

<table>
<thead>
<tr>
<th></th>
<th>USD-INR</th>
<th>JPY/INR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Futures Price</td>
<td>65.50</td>
<td>100.50</td>
</tr>
<tr>
<td>No. of Contracts</td>
<td>10.0000 Contracts</td>
<td>Buy 982 Contracts</td>
</tr>
<tr>
<td>Contract Value (in Rs Cr)</td>
<td>4.15</td>
<td>4.15</td>
</tr>
</tbody>
</table>

If both orders are matched then only the orders shall get executed, else they will be cancelled.

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**Some Milestones:**

- **April 1993:** Recognition as a stock exchange.
- **November 1993:** Capital Market (Liquidity) segment goes live.
- **October 1995:** Largest stock exchange in the country.
- **April 1996:** Launch of SFM (Share Market).
- **June 1996:** Establishment of Settlement Guarantee Fund.
- **February 2000:** Commencement of Internet Trading.
- **June 2000:** Commencement of Derivatives Trading (Index Futures).
- **June 2001:** Commencement of trading in Index Options.
- **June 2007:** NSE launches new index derivatives.
- **January 2008:** Introduction of Nifty Mini Nifty derivative.
- **March 2008:** Introduction of long-term option contracts.
- **August 2008:** Launch of Currency Derivatives.
- **August 2009:** Launch of Interest Rate Futures.
- **November 2009:** Launch of Mutual Fund Service System.
- **December 2009:** Commencement of settlement of Corporate Bonds.
- **February 2010:** Launch of Currency Futures on Additional Currency.

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### Disclaimer

Market conditions and returns are subject to change. Investors are advised to use their discretion and make informed decisions before trading. The material provided here is for general information purposes only. While care has been taken to ensure accuracy, the information furnished is not intended to replace professional advice or be used in connection with any trading or investment decision and no assurance can be made that any returns, investments or others shall not be made in the future. No information herein is intended to infringe upon any legal rights of any person.

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Product Specifications:
Product specifications for futures contracts on new currency pairs are similar to existing USD-INR contract. The product specification of the four currencies is given below:

<table>
<thead>
<tr>
<th>Symbol</th>
<th>USDINR</th>
<th>EURINR</th>
<th>GBPINR</th>
<th>JPYINR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instrument Type</td>
<td>FUT/CUR</td>
<td>FUT/CUR</td>
<td>FUT/CUR</td>
<td>FUT/CUR</td>
</tr>
<tr>
<td>Unit of Trading</td>
<td>1 unit denotes 1000 $</td>
<td>1 unit denotes 1000€</td>
<td>1 unit denotes 1000 £</td>
<td>1 unit denotes 10000 ¥</td>
</tr>
<tr>
<td>Underlying</td>
<td>The exchange rate in INR for US Dollars</td>
<td>The exchange rate in INR for Euro</td>
<td>The exchange rate in INR for Pound Sterling</td>
<td>The exchange rate in INR for Japanese Yen</td>
</tr>
<tr>
<td>Tick size</td>
<td>0.25 pais or INR 0.0025</td>
<td>0.25 pais or INR 0.0025</td>
<td>0.25 pais or INR 0.0025</td>
<td>0.25 pais or INR 0.0025 (The Quote will be for 100 JPY)</td>
</tr>
<tr>
<td>Trading hours</td>
<td>9:00 a.m. to 5:00 p.m. (Monday-Friday)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contract trading cycle</td>
<td>12 month trading cycle</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Last trading day</td>
<td>Two working days prior to the last business day of the expiry month at 12 noon</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Final settlement day</td>
<td>Last working day (excluding Saturdays) of the expiry month. The last working day will be the same as that for Interbank Settlements in Mumbai</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Settlement</td>
<td>Daily settlement : T + 1 Final settlement : T + 2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mode of settlement</td>
<td>Cash settled in INR</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Daily settlement price (DSP)</td>
<td>Calculated on the basis of the last half an hour weighted average price</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Final settlement price</td>
<td>RBI Reference rate on last trading day</td>
<td>RBI Reference rate on last trading day</td>
<td>Exchange rate published by RBI in its Press Release captioned RBI reference Rate for US$ and Euro on last trading day</td>
<td>Exchange rate published by RBI in its Press Release captioned RBI reference Rate for US$ and Euro on last trading day</td>
</tr>
</tbody>
</table>

FAQ:

**Does member need to provide separate deposits to the exchange to commence trading in new currency futures contract?**

Yes, member shall have to make the settlement currently done in case of USD-INR contract, where contract expiration date for each contract shall be the last working day of the month (excluding Saturdays). The last trading day for each contract shall be two working days prior to the Contract Expiration Date. All contracts will settle in INR.

**Will the final settlement of currency futures contracts be the same as USD-INR?**

Yes, final settlement will be the same as the settlement currently done in case of USD-INR contract where contract expiration date for each contract shall be the last working day of the month (excluding Saturdays). The last trading day for each contract shall be two working days prior to the Contract Expiration Date. All contracts will settle in INR.

**What are the various position limits for new currency pairs?**

Position limits for respective currency pairs are applicable as specified by SEBI. The details of the position limits are given on NSE website.

**What are the margining mechanism the same as USD-INR?**

Yes, the margining mechanism will be similar to that of USD-INR. The existing margining mechanism shall be applicable for calculation of initial margin. The extreme loss margin shall be based on gross open position.

**How are margins levied on spread positions?**

A currency futures contract at one maturity which is hedged by an offsetting position at a different maturity would be treated as a calendar spread. The details of the calendar spread margins applicable for different spread tenors for all currency pairs are given on NSE Website.

**Can take simultaneous exposure in multiple currencies?**

Many participants have exposures in different currencies such as US Dollar (USD), Euro (EUR), Japanese Yen (JPY) and Pound Sterling (GBP). Hedging exposures in different currencies by a single order entry is currently possible with the launch of currency futures on Non-US Dollar currencies by NSE.