

**Declaration for Securities Transactions in Currency Derivative
Segment where SMIFS Limited is a Trading Member**

Date: _____

To,
The Compliance Officer
SMIFS Limited
4, Lee Road
Vaibhav, Fifth Floor
Kolkata - 700020

Unique Client Code (UCC) : _____ under Permanent Account No.(PAN) _____

Dear Sir,

I / We are registered with SMIFS Limited (in short “the company” under the above-referred Unique Client Code and have opted for Securities Trading in Currency Derivative Segment where SMIFS Limited is a Trading Member. For the sake of brevity, I/We may please be referred as the Participant/ Client.

It has been brought to my/our notice/ attention a Circular bearing No. RBI/2023-24/108 A.P. (DIR Series) Circular No. 13 dated January 05, 2024 (in short “the said Circular”) enshrined by the Reserve Bank of India (RBI) for the purpose of Risk Management and Inter-Bank Dealings – Hedging of Foreign Exchange Risk. I/ We have perused the said Circular and having understood the purport of the same, I/We hereby declare and undertake as below:

1. I/ We being registered with SMIFS Limited have undertaken Securities Trading with SMIFS Limited in the Currency Derivative Segment where SMIFS Limited is a Trading Member and intend to continue such Securities Transactions in the Currency Derivative Segment with SMIFS Limited in the future in terms of the RBI Circular dated January 05, 2024.
2. I/ We understand that Participant/ Client is allowed to take positions (long or short), without having to establish existence of underlying exposure, up to a **single limit of USD 100 million** equivalent across all currency pairs involving INR, put together, and combined across all Recognized Stock Exchanges.

I/ We undertake that the said single limit of USD 100 million equivalent across all currency pairs involving INR, put together, and combined across all Recognized Stock Exchanges will be adhered and maintained by myself/ ourselves at all material times.

3. I/ We undertake that while Participant/ Client are not required to establish the existence of underlying exposure, Participant/ Client must ensure the existence of a valid underlying contracted exposure which has been not hedged using any other derivative contract and should be in a position to establish the same, if required.

4. Participant/ Client intending to **take position beyond USD 100 million** (or equivalent) in contracts involving INR, in all exchanges put together, I/ We undertake to designate an Authorised Dealer / Custodian for the purpose of monitoring transactions of the Participant/ Client with the following Compliance Attributes:
- a) All positions of the Participant/ Client in all contracts involving INR, across all the Recognized **Stock** Exchanges put together, are backed by contracted exposure;
 - b) The same exposure has not been hedged using any another derivative contract;
 - c) The notional amount and tenor of the derivative contract does not exceed the value and tenor of the exposure;
 - d) In case the exposure ceases to exist, in full or in part, the user has appropriately adjusted the hedge to ensure adherence to {C} above, unless the original derivative contract is assigned against any other unhedged exposure. No adjustment to the hedge is required to be made if, in the considered opinion of the Authorised Dealer, the change in exposure is not material;
 - e) In cases where the value of the exposure falls below the notional of the derivative, the notional should be suitably adjusted unless such divergence has occurred on account of changes in the market value of the exposure, in which case the user may, at his discretion, continue with the derivative contract till its original maturity. No adjustment to the hedge is required to be made if, in the considered opinion of the Authorised Dealer, the change in exposure is not material;
 - f) Where the value of the exposure is not ascertainable with certainty, derivative contracts may be booked on the basis of reasonable estimates. Such estimates should be reviewed periodically to ensure compliance with {d} and {e} above.
5. I/ We as a Participant/Client hereby indemnify SMIFS Limited, its Directors, officers, assignees and hold SMIFS Limited, its Directors, officers, assignees harmless from any liabilities, losses, damages, or costs that may arise in the event the Participant/Client is unable to produce the required evidence of the underlying exposure as stipulated hereinabove. This indemnification extends to any legal actions, claims, demands or expenses incurred by SMIFS Limited, its Directors, officers, assignees as result of the Participant/Client's failure to comply with the afore mentioned conditions and/or provisions of the Circular bearing No. RBI/2023-24/108 A.P. (DIR Series) Circular No. 13 dated January 05, 2024.

I/We now putting my/our signatures on this declaration hereby irrevocably acknowledge that I/We have understood the Terms and Conditions stated hereinabove and accept the same and commit to adhere to the each one of them in true letter and spirit of the Circular bearing No. RBI/2023-24/108 A.P. (DIR Series) Circular No. 13 dated January 05, 2024 as enshrined by Reserve Bank of India.

Signature: _____

Name: _____