



NATIONAL SECURITIES CLEARING CORPORATION LIMITED

DEPARTMENT : FUTURES AND OPTIONS SEGMENT

Download Ref No : NSCCL/CMPT/37071

Date : February 28, 2018

Circular Ref. No : 20/2018

All Members/Custodians/PCM

Subject: Additional Risk Management measures for long dated option contracts

This is in partial modification to Part B Item 9 of our consolidated circular no.032/2017 (Download Ref No: NSCCL/CMPT/34657) dated April 17, 2017

Following revisions shall be made in margins for long dated option contracts:

1. Applicable exposure margins for long dated option contracts
 - a. The exposure margin shall be 10% of the notional value of the short open positions in long dated option contracts on index, based on the last available closing price of the underlying index
 - b. The above changes shall be effective from **June 01, 2018**
2. Concentration Margins for long dated option contracts
 - a. If any clearing member has a concentration of 20% or more on short side across all contracts in an expiry month (of long dated option contracts) subject to minimum notional value of Rs.500 crores, concentration margin shall be applicable
 - b. Concentration margins shall be computed as under:

Concentration Level	Concentration Margins
20% and above but less than 35% in a particular expiry	50% of current exposure margin applicable on long dated option contracts
35% and above but less than 50% in a particular expiry	75% of current exposure margin applicable on long dated option contracts
50% and above in a particular expiry	100% of current exposure margin applicable on long dated option contracts

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- c. The concentration margin shall be computed on the exposure margin of 3% of the notional value of the short open positions as prescribed by SEBI in its risk management framework for exchange traded derivatives.

- d. Concentration margins shall be computed at end of day and shall be blocked from the cash component of the clearing member on a T+1 basis
- e. The above changes shall be effective from **April 02, 2018**

For the purpose of (1) and (2) above all option contracts with expiry more than 9 months shall be treated as long dated option contracts

Members are requested to take note of the above

**For and on behalf of
National Securities Clearing Corporation Limited**

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