

**NSE Clearing Limited**

(Formerly known as National Securities Clearing Corporation Limited)

**DEPARTMENT : FUTURES AND OPTIONS SEGMENT**

Download Ref No: NCL/CMPT/40245

Date : February 15, 2019

Circular Ref. No: 19/2019

All Members/Custodians/PCM

**Sub: Collection of Net Option Value for In/Out of the money options in Cash**

As an ongoing measure of risk containment and surveillance as decided in the joint meeting between SEBI, Exchanges and Clearing Corporations, the following measures on In the Money (ITM) and Out of the Money (OTM) options contracts shall be levied:

- The current value of ITM/OTM options contracts shall be collected by Clearing Corporation in **Cash** for all net short positions as per parameters specified in table below
- The amount shall be computed at client level as net short value of option positions in ITM/OTM options contracts and aggregated at clearing member level
- Clearing Corporation shall inform the clearing member of the Cash required at end of day and the clearing member shall provide the same before close of next trading day.
- The value shall be based on end of day settlement price of the options contracts
- The ITM/OTM option contracts for the above purpose shall be identified as contracts with strike prices which are ‘x’% away from the closing value of Index/Stock as specified below

Above shall be made applicable in phased manner as under:

<b>% of strike prices away from the closing value of Index/Stock</b>	<b>Contracts which are applicable</b>	<b>Effective Date</b>
Greater than or equal to 50%	All option contracts on Index/Stocks	01-Mar-2019
Greater than or equal to 40%	All option contracts on Index/Stocks	08-Mar-2019
Greater than or equal to 30%	All option contracts on Index with expiry date upto 2 years	15-Mar-2019
Greater than or equal to 20%	All option contracts on Index with expiry date upto 9 months	29-Mar-2019

Clearing member shall be required to maintain the necessary cash as collateral towards the net option value as specified above on a daily basis. Non maintenance of cash toward the net option value shall be considered as margin shortfall and all actions (including penalty) as applicable for margin shortfall shall be applicable.

Members are requested to take note of the above

**For and on behalf of**  
**NSE Clearing Limited**  
(Formerly known as National Securities Clearing Corporation Limited)

Huzefa Mahuvawala  
Vice President

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