DEPARTMENT: FUTURES & OPTIONS SEGMENT	
Download Ref No: NCL/CMPT/70085	Date: September 08, 2025
Circular Ref. No: 119/2025	

All Members,

Sub: Measures for Enhancing Trading Convenience and Strengthening Risk Monitoring in Equity Derivatives

This is further with reference to SEBI circular ref. no: SEBI/HO/MRD/TPD-1/P/CIR/2025/79 dated May 29, 2025, and NCL Circular ref no: 060/2025 (Download Ref No: NCL/CMPT/68260) dated May 30, 2025, regarding Measures for Enhancing Trading Convenience and Strengthening Risk Monitoring in Equity Derivatives.

In accordance with the provisions of the aforementioned SEBI Circular, the Standard Operating Procedure (SOP) with respect to adoption of new methodology of Market wide Position Limit (MWPL) and end of day monitoring of position creation by entities for single stocks during ban period is enclosed as **Annexure 1**.

Members are requested to take note of the above.

The above shall be effective from October 01, 2025.

For and on behalf of
NSE Clearing Limited

Huzefa Mahuvawala
Chief Risk Officer

Telephone No	Email id
1800 266 0050 (IVR Option 2)	risk_ops@nsccl.co.in

Annexure 1

1. SOP: New MWPL methodology

1.1   Adoption of new Market Wide Position Limit (MWPL) methodology

1.1.1   Calculation of MWPL:

CCs shall calculate the MWPL of the stock as per the provisions of the SEBI circular as:

a. Lower of:
   i.   15% Free Float
   ii. 65 times market wide Average Daily Delivery Value (ADDV) [in terms of quantity]

b. The above shall be subject to a floor of 10% Free Float.

1.1.2   Computation Methodology:

1.1.2.1   CCs shall obtain the latest Free Float shares of the stock trading in Equity Derivatives segment from the Stock Exchanges.

1.1.2.2   MWPL of a stock shall be recomputed every quarter on the basis of the latest free float and market wide ADDV for the last quarter.

1.1.2.3   CC shall compute the market wide ADDV for the stock for a period of preceding 3 months. Example for MWPL applicable from 01-Oct-2025 the data for trade date June 16, 2025, to September 15, 2025, shall be considered.

1.1.3   Dissemination:

The MWPL calculated shall be applicable for the next 3 calendar months. It shall be disseminated by CCs on their website and a circular to that effect shall also be published by 20th of the last month of the reference quarter. There may be some corporate actions which result in change in the positions in the underlying symbol, in such cases the applicable limits on ex-date shall be revised based on adjustment factor.

2. SOP: Monitoring of MWPL from the perspective of ban period and entity level monitoring of positions during ban period

2.1   Monitoring of MWPL

    2.1.1   At the end of each day CCs shall check whether the Market wide Future Equivalent (FutEq) Open Interest of a stock exceeds 95% of the applicable MWPL. If so, the stock would be placed in the ban period from next day onwards.

    2.1.2   In line with existing practice, normal trading in the stock shall be resumed only after the Combined FutEq Open Interest across all Exchanges comes down to 80% of the MWPL.

    2.1.3   All stocks placed under ban for the next trading day shall be disseminated on the website of the CCs.

    2.1.4   Daily end of day utilisation of MWPL based on FutEq Open Interest across Exchanges shall be disseminated on the website of the CCs

    2.1.5   CCs shall discontinue the monitoring of MWPL in terms of gross open interest.

2.2   Entity level monitoring of positions during ban period

    2.2.1   Once a stock enters ban period, open position of all entities as at the end of that day in that stock shall be noted, and from next day onwards trading done by entities in the derivatives contracts of the stock would be assessed to check if it results in reduction of entities FutEq OI.

    2.2.2   For this purpose, positions of all the entities in such stock entering ban period shall be noted and stored as base position (This day is referred as Day 1).

    2.2.3   For the next day (i.e. Day 2), the positions of Day 1 would be used to compute the FutEq OI of the entity using delta of contracts published by CCs in the SPAN file based on parameters as at 2 PM on Day 2 (File name-nsccl.YYYYMMDD.i04.spn). This shows passive change in the positions on account of change in delta between Day 1 and 2 PM on Day 2. Further, the delta of contracts shall be made available in the SPAN parameter files downloaded to market participants by CCs (Contract Delta value in span to be considered).

    2.2.4   Further, the end of day positions on Day 2 would be multiplied by 2 PM delta of day 2.

    2.2.5   If FutEq open interest of the entity for current end of day position in the stock is less than or equal to the FutEq open interest of the entity for base position without any change in sign, then the same shall not be treated as a violation. All other cases shall be identified as a violation and will be levied penalty. Illustration in this regard is provided in Annexure 2.

    2.2.6   The base position shall be updated daily at EOD only if:

    2.2.6.1   the entity has executed trades that decreased its FutEq open interest (i.e. passive change not considered and increase in base position on account of trades resulting into increase in FutEq positions also not considered as the later would be considered as a violation) OR

    2.2.6.2   FutEq open interest has remained unchanged but there are trades that result into change in actual open positions

2.2.7   In the rest of the cases, the base position shall remain the same as previous day base positions. The base positions will be updated to reflect any corporate action adjustments.

2.3   This iterative process of updating base position and computing FutEq open interest for the entity for both the base position and the current end of day position in the stock using 2 PM delta would be repeated each day till the stock is in ban period.

2.4   It may be noted that the method of taking snapshot delta at 2 PM would provide an avenue to members to check positions of their clients between 2 PM to 3.30 PM and in case of increase in FutEq positions (or change of sign in the position), take measures, if required, so as to avoid penalty.

2.5   <u>Penalty for violation</u>:

In case of an instance of violation, the violated quantity shall be computed as the absolute difference between the FutEq open interest for base position of the entity and FutEq open interest for end of day position of the entity. In case, there is a change in sign, then the absolute of FutEq open interest for end of day position of the entity shall be the violated quantity.

Example

FutEq open interest for base position	FutEq open interest for end of day position	Violated Quantity
-10	-12	2
-10	+2	2
-10	+10	10

Penalty of 1% of violation value (violation value = violated quantity * underlying price) subject to minimum of Rs. 5000 and maximum of Rs. 1,00,000 per entity per stock per day shall be levied.

It may be noted that violation does not result in to change in base position. Accordingly, till the time violated quantity, as computed above, is greater than zero and the stock remains in ban the penalty would continue to be levied.