

NSE Clearing Limited

(Formerly known as National Securities Clearing Corporation Ltd.)

DEPARTMENT: FUTURES AND OPTIONS SEGMENT

Download Ref No: NCL/CMPT/65315

Date: November 29, 2024

Circular Ref. No: 147/2024

All Members,

Sub: Upfront collection of Option Premium

We draw your attention to SEBI circular ref. no: SEBI/HO/MRD/TPD-1/P/CIR/2024/132 dated October 01, 2024, regarding Measures to Strengthen Equity Index Derivatives Framework for Increased Investor Protection and Market Stability. Point 5.1 on “Upfront collection of Option Premium from options buyers” of the abovementioned SEBI Circular specifies that the upfront margin collection requirement shall also include net options premium payable at the client level. The same shall be included in the intraday snapshots conducted by Clearing Corporations for verification of upfront collection of margins, and for imposition of penalty in the event of non-compliance.

To implement the above provisions, the below changes shall be made applicable.

1. The minimum 4 snapshots on intraday margin requirement per client/trading member/custodial participant sent to trading/clearing members shall, in addition to SPAN margins and Extreme Loss Margins based on Begin of Day parameters, also include the net options premium payable at the time of snapshot.
2. The minimum margins as above shall be considered to determine the Peak margin obligation of the client/trading member/custodial participant, across the 4 snapshots.
3. Minimum margins considered for End of Day SA01/SA02/SA03 reports shall in addition to SPAN margins and Extreme Loss Margins based on Begin of Day parameters, also include the net options premium payable at end of day.
4. There shall be no change in the format of short allocation reports (SA01/SA02/SA03/SA04/SA05/SA06).
5. There shall be no change in the format of margin reports (MG12/MG13/MG18).
6. There shall be changes in values for margins in the standardized Unified Distilled File Formats (UDiFF) for below reports (no change in report format).
 - a. Intraday margin report for Trading member
(*Margin_NCL_FO_0_TM_<memcode>_<Trade date>_P_hhmm.csv*)
 - b. Final Margin report for Trading member
(*Margin_NCL_FO_0_TM_<memcode>_<Trade date>_F_0000.csv*)

- c. Intraday margin report for Clearing member
(Margin_NCL_FO_0_CM_<memcode>_<Trade date>_P_hhmm.csv)
 - d. Final Margin report for Clearing member
(Margin_NCL_FO_0_CM_<memcode>_<Trade date>_F_0000.csv).
7. The changes in in values for margins in the Unified Distilled File Formats (UDiFF) has been updated in the UDIFF Catalogue issued earlier by way of circulars and enclosed as Annexure. The summary of changes are as follows:
- a. Net buy premium shall be included under ISO tag “PrmAmt” in Intraday and Final Margin reports for Trading/Clearing members.
 - b. “PrmAmt” shall be added to the current values of Intraday Margin to be collected in Intraday Margin Reports for Trading /Clearing members under ISO tag “EndOfDayRqrmntRptd”.

The above changes shall be applicable only for the purposes of client margin reporting and short allocation monitoring. There shall be no change in the procedure of monitoring of margins for risk reduction mode (90% utilization) and margin violation.

The circular shall come into effect from **February 01, 2025**.

Members are requested to take note of the above.

**For and on behalf of
NSE Clearing Limited**

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