

NSE Clearing Limited

(Formerly known as National Securities Clearing Corporation Limited)

Department : FUTURES & OPTIONS

Download Ref No: NCL/CMPT/38879

Date : September 12, 2018

Circular Ref. No: 115/2018

All Members,

Sub: Additional Surveillance Margin in Equity Derivatives Segment

We refer to our circular reference no. 105/2018 (Download Ref No: NCL/CMPT/38768) dated September 01, 2018 regarding Additional Surveillance Margin in Equity Derivatives Segment and discussion in the joint meeting between SEBI, Exchanges and Clearing Corporations today.

Currently the Initial Margin and Exposure Margin in Index Options cover risk for around 6% change in underlying indices while Initial Margin and Exposure Margin in Index Futures cover risk for around 8% change in underlying indices. Similarly Initial Margin and Exposure Margin for single stock derivatives cover risk for around 12.50% change in underlying stocks.

Instead of adding the Additional Surveillance Margin as specified in the abovementioned circular dated September 01, 2018 to the Exposure Margins, Price Scan Range (PSR) used for computation of Initial Margins shall be amended, in steps, to increase the coverage of risk arising out of change in underlying Index / stocks to cover risk for 10% change in underlying indices and 17.50% change in underlying stocks.

The PSR will be amended to reflect the additional change in underlying as per the table and schedule given below:-

Effective date of Implementation	14-Sep-18*	28-Sep-18	26-Oct-18	30-Nov-18
Additional Price change coverage for Index Options	1.00%	2.00%	3.00%	4.00%
Revised PSR for Index Options	Higher of 3 sigma or 4.00% of underlying value	Higher of 3 sigma or 5.00% of underlying value	Higher of 3 sigma or 6.00% of underlying value	Higher of 3 sigma or 7.00% of underlying value
Additional Price change coverage for Index Futures	0.50%	1.00%	1.50%	2.00%
Revised PSR for Index Futures	Higher of 3 sigma or 5.50% of underlying value	Higher of 3 sigma or 6.00% of underlying value	Higher of 3 sigma or 6.50% of underlying value	Higher of 3 sigma or 7.00% of underlying value

Additional Price change coverage for Stocks Futures and Options	1.25%	2.50%	3.75%	5.00%
Revised PSR for Stocks	Higher of 3.5 sigma or 8.75% of underlying value	Higher of 3.5 sigma or 10.00% of underlying value	Higher of 3.5 sigma or 11.25% of underlying value	Higher of 3.5 sigma or 12.50% of underlying value

* The additional amount shall be computed daily at end of day from September 14, 2018 till September 19, 2018 and shall be blocked from clearing member's collateral on T+1 basis. The revised PSR shall be made applicable in the SPAN[®] Risk parameter file from begin day of September 21, 2018.

Clearing/trading members shall be provided a separate file in */letters/dnld* folders on the extranet for additional amount to be levied from September 14, 2018 till September 19, 2018.

Further, the revised format for daily file for Exposure Margin as specified vide our circular no 113/2018 (Download Reference no NCL/CMPT/38849) dated September 07, 2018 shall not 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)**

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