

NSE Clearing Limited

(Formerly known as National Securities Clearing Corporation Limited)

Department : FUTURES AND OPTIONS

Download Ref No: NCL/CMPT/42241

Date : September 26, 2019

Circular Ref. No: 145/2019

All Members/Custodians/PCM

Sub: Delivery margins for Delivery Settlement in Equity Derivatives

This is in partial modification to Item 10.2.11 of Part B of our consolidated circular no 001/2019 (Download Ref no NCL/CMPT/39833) dated January 01, 2019.

- Delivery margins shall be levied **on lower of potential deliverable positions or in-the-money long option positions** four (4) days prior to expiry of derivative contract which has to be settled through delivery. Example- If expiry of derivative contract is on Thursday, the delivery margins on potential in-the-money long option position shall be applicable from previous Friday EOD. Example for computation of positions on which the margins shall be levied is enclosed as **Annexure**
- Client level potential in-the-money long option positions shall be computed on daily basis. In-the-Money options shall be identified based on the closing price of the security in the underlying Capital Market segment on the respective day
- The marginable positions shall be valued at underlying closing price
- Delivery margins at the client level shall be computed as per the margin rate applicable in Capital Market segment (i.e VAR, Extreme Loss Margins) of the respective security.
- Delivery margins shall be levied at client level and collected from clearing member in a staggered manner as under
 - 20% of Delivery margins computed on Expiry – 4 EOD
 - 40% of Delivery margins computed on Expiry – 3 EOD
 - 60% of Delivery margins computed on Expiry – 2 EOD
 - 80% of Delivery margins computed on Expiry – 1 EOD
- The delivery margins shall be recomputed only at EOD basis considering the revised position, underlying prices and margin rates
- Members shall be required to collect the delivery margins and shall be included in the client margin reporting for clearing and trading members.
- Post expiry, positions which are converted to delivery settlement, margins as applicable in Capital Market segment (i.e VAR, Extreme Loss Margins, Mark to Market margins) shall be applicable and levied as delivery margins.

The above changes shall be applicable from contracts expiring on October 24, 2019 and accordingly, the abovementioned revision shall be applicable in delivery margins levied from October 18, 2019

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

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