

NSE Clearing Limited

(Formerly known as National Securities Clearing Corporation Ltd.)

Department: FUTURES AND OPTIONS SEGMENT

Download Ref No: NCL/CMPT/64639

Date: October 21, 2024

Circular Ref. No: 125/2024

All Members,

Sub: Changes in Extreme Loss Margins

We draw your attention to SEBI Circular Ref. No: SEBI/HO/MRD/TPD-1/P/CIR/2024/132 dated October 01, 2024 on Measures to Strengthen Equity Index Derivatives Framework for Increased Investor Protection and Market Stability.

In accordance with the provisions of the above mentioned circular:

1. On the day of options contracts expiry, to increase the tail risk coverage, an additional Extreme Loss Margin (ELM) of 2% shall be levied on short index options contracts.
2. The additional ELM of 2% would be applicable for all open short index options at the start of the day, as well on short index options contracts initiated during the day that are due for expiry on that day.

For instance:

Contract	Expiry Date	Type	Applicable ELM %		
			20-Nov-24	21-Nov-24	22-Nov-24
Nifty Options	21-Nov-24	Other than deep out of the money contracts	2%	4%	-
Nifty Options	21-Nov-24	Deep out of the money contracts	3%	5%	-
Nifty Options	28-Nov-24	Other than deep out of the money contracts	2%	2%	2%
Nifty Options	28-Nov-24	Deep out of the money contracts	3%	3%	3%

In view of the above:

1. The current ELM report having the naming convention - F_AEL_OTM_CONTRACTS_DDMMYYYY.CSV which provides only the list of

deep out of money option contracts shall be modified to provide the list of **all** options strikes (index and stocks) along with the ELM applicable for the date.

2. Extreme Loss Margin Percentage shall be after considering the additional ELM of 2% to be levied on short index option contracts on the day of expiry.
3. The detail of the report is provided in the **Annexure**.

The above changes shall be applicable from **November 20, 2024**.

Members are requested to take note of the above.

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

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Annexure

Naming convention - F_AEL_OPT_CONTRACTS_DDMMYYYY.CSV

File location: /FAOFTP/FAOCOMMON/ Limit Files

File format:

Contract Instrument Type

Symbol

Expiry Date

Strike Price

Option Type

Corporate Action level

Extreme Loss Margin Percentage