

NSE Clearing Limited

(Formerly known as National Securities Clearing Corporation Ltd.)

DEPARTMENT: FUTURES AND OPTIONS SEGMENT

Download Ref No: NCL/CMPT/65923

Date: January 01, 2025

Circular Ref. No: 001/2025

All Members,

Sub: Position Limit Violations

This is in partial modification to Item 16.7, Item 16 “Violations and Penalty” of NCL Consolidated Circular reference no. 097/2023 (Download Reference no. NCL/CMPT/57320) dated June 28, 2023, and Circular reference no. 131/2023 (Download Ref No: NCL/CMPT/58329) dated September 08, 2023.

When the open position of any trading member, exceeds the position limit specified, following penalty/additional margins shall be levied for trading member wise position limit violation.

Instances of Position Limit violations	Monetary Penalty to be levied	Additional Margin to be levied										
1 st instance	Rs.5,000/-	<ul style="list-style-type: none"> Additional margin shall be based on slab-wise percentage breach of applicable position limits. <table border="1"> <thead> <tr> <th>Breach as a % of Limit</th> <th>% of Additional Margins</th> </tr> </thead> <tbody> <tr> <td>100% to less than 110%</td> <td>5%</td> </tr> <tr> <td>110% to less than 125%</td> <td>10%</td> </tr> <tr> <td>125% to less than 150%</td> <td>15%</td> </tr> <tr> <td>150% and above</td> <td>20%</td> </tr> </tbody> </table>	Breach as a % of Limit	% of Additional Margins	100% to less than 110%	5%	110% to less than 125%	10%	125% to less than 150%	15%	150% and above	20%
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100% to less than 110%	5%											
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125% to less than 150%	15%											
150% and above	20%											
2 nd to 5 th instance	Rs.20,000/- per instance from 2 nd to 5 th instance											
6 th to 10 th instance	Rs.50,000/- per instance from 6 th to 10 th instance											
11 th instance onwards	Rs.1,00,000/- per instance from 11 th instance onwards. Additionally, the member will be referred to the Member Committee for suitable action.	<ul style="list-style-type: none"> The additional margin percentage shall be levied on (Underlying price x Position quantity in breach). Levy of additional margin shall be applicable from the first instance of violation in a calendar quarter. The additional margin applicable shall be computed only at end of day and blocked from the proprietary collateral of the Clearing member on T+1 day (before start of market hours). The quantum of additional margin so levied may either increase/decrease in case the quantity in breach increases/decreases on the subsequent day or due to change in the underlying price. Accordingly, such increase/decrease in additional margin shall be blocked/unblocked from the 										

Instances of Position Limit violations	Monetary Penalty to be levied	Additional Margin to be levied
		proprietary collateral of the Clearing member on T+1 day (before start of market hours). <ul style="list-style-type: none">• If the positions are below the applicable limits, the additional margins so levied shall be fully released on T+1 day (before start of market hours).

Instances as mentioned above shall refer to all instances of position limit violations in a calendar quarter. For the purpose of levy of penalties and additional margin, the number of instances of position limit violations for a Trading member across all underlyings in a calendar quarter shall be considered.

Members are requested to take note of the above.

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

Huzefa Mahuvawala
Chief Risk Officer

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