

CIRCULAR**HO/47/15/11(2)2025-MRD-TPD1/ I/4226/2026****February 5, 2026****To****All Stock Exchanges****All Clearing Corporations****(Except Commodity Derivatives Exchanges and Clearing Corporations)**

Sir/Madam,

Sub: Calendar Spread margin benefit for Single Stock Derivatives on expiry day

1. Chapter 5 of SEBI Master Circular dated December 30, 2024 for Stock Exchanges and Clearing Corporations inter-alia provides stipulations for calendar spread margin treatment in derivatives segment (Clause 1.2.6). At present, for index derivatives, the benefit of offsetting positions across different expiries ('calendar spread') is not available on the day of expiry for contracts expiring on that day (Clause 1.2.7).
2. On the basis of reference received from trading member(s) with regard to possible risks emanating from calendar spread benefit on expiry day for single stocks and subsequent deliberations with Secondary Market Advisory Committee (SMAC) of SEBI, it is decided that, the benefit of offsetting positions across different expiries shall not be available on the day of expiry for contracts expiring on that day for single stock derivatives.
3. It is clarified that the existing margin calculations for calendar spread positions shall remain unchanged for calendar spread positions involving all expiries other than the contracts expiring on a given day.
4. As an illustration, if monthly expiries are on 29th (current month), 30th (next month) and 31st (far month) respectively, then calendar spread positions involving positions expiring on 29th (current month) and 30th (next month), or



29th (current month) and 31st (far month), shall not be provided calendar spread treatment on 29th (current month expiry). However, calendar spread positions involving positions expiring on 30th (next month) and 31st (far month) shall continue to receive calendar spread treatment on 29th (current month expiry).

5. The aforesaid would also align calendar spread treatment for single stocks derivatives with that on index derivatives and would provide sufficient time to the end clients / trading members to bring additional margin on the expiry day or to roll over / close calendar spread positions on expiry day. In the absence of such formulation, there remains a risk of sudden increase in margin on the day following expiry of one leg of the calendar spread position with limited recourse available to trading members in case of margin shortfall / open leg showing significant adverse price movement.
6. This circular shall be effective from three months from the date of the circular.
7. Stock Exchanges and Clearing Corporations are directed to take necessary steps to put in place systems for implementation of this Circular, including necessary amendments to the relevant bye-laws, rules and regulations, if any.
8. This circular is being issued in exercise of powers conferred under Section 11 (1) read with 11(2)(a) of the Securities and Exchange Board of India Act, 1992 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.
9. This circular is available on SEBI website at www.sebi.gov.in under the category "Legal Circulars".

Yours faithfully,

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