DEPARTMENT : COMMODITY DERIVATIVES SEGMENT	
Download Ref No: NCL/COM/44740	Date : June 22, 2020
Circular Ref. No: 0196/2020	

Sub: Exercise facility on expiry of Option contracts in Commodity Derivative Segment

To All members,

This has reference to NCL consolidated circular for Commodity Derivatives NCL/COM/43089 dated 01 January 2020 and NCL/COM/44472 dated 26 May 2020.

As per SEBI circular SEBI/HO/CDMRD/DMP/CIR/P/2020/05 dated January 16, 2020, Option series having strike price closest to the Final Settlement Price (FSP) shall be termed as At-the-Money (ATM) option series. This ATM option series and three option series having strike prices immediately above this ATM strike and three option series having strike prices immediately below this ATM strike shall be referred as ‘Close to the money’ (CTM) option series. In case the FSP is exactly midway between two strike prices, then immediate three option series having strike prices just above FSP and immediate three option series having strike prices just below FSP shall be referred as ‘Close to the money’ (CTM) option series. All option contracts belonging to ‘CTM’ option series shall be exercised only on ‘explicit instruction’ for exercise by the long position holders of such contracts. All In-the-money (ITM) option contracts, except those belonging to ‘CTM’ option series, shall be exercised automatically, unless ‘contrary instruction’ has been given by long position holders of such contracts for not doing so. All Out of the money (OTM) option contracts, except those belonging to ‘CTM’ option series, shall expire worthless.

Exercise facility

A facility shall be provided to specify ‘explicit instruction for Exercise’ for all close to money (CTM) positions and ‘explicit instruction to not Exercise’ for all In to money (ITM) positions except those belonging to ‘CTM’ option series. All option contracts belonging to ‘CTM’ option series shall be exercised only on ‘explicit instruction’ for exercise by the long position holders of such contracts. All In the money (ITM) option contracts, except those belonging to ‘CTM’ option series, shall be exercised automatically, unless ‘contrary instruction’ has been given by long position holders of such contracts for not doing so.

The instruction shall be provided through file upload in NSCCL-MASS platform through “Exercise Request” service.

Trading members are required to provide instruction for their client as well as proprietary positions. Trading cum clearing members are required to provide exercise instruction for their Custodian Participant positions in addition to their client and proprietary positions.

Professional Clearing Members are required to provide exercise instruction for their Custodian Participant positions only.

Please find the procedure for exercise facility in Commodity segment, the format of the reports are as below:

i. CTM contracts file to members

A file containing the CTM contract details shall be made available through the extranet server to the members.

File Nomenclature: O_CTM_CONTRACTS_DDMMYYYY.csv

Extranet Path: /comtftp/comtcommon/MarketReports

Where,
O is segment indicator
DDMMYYYY is the current date

File format:

Sr. No.	Instrument Type
1	Symbol
2	Expiry date
3	Strike Price
4	Option Type
5	CA Level
6	Settlement Price

ii. CTM position file to members

A file containing the details of all long CTM/ ITM positions shall be made available through the extranet server to the members.

File Nomenclature: O_CTM_<MEMBER CODE>_DDMMYYYY.CSV
Extranet Path: /comftp/<membercode>/Reports
Where,
O is segment indicator
MEMBER CODE is the primary member code
DDMMYYYY is the current date

File Format:

Sr No	Field Name	Eligible Values / Description
1	Position Date	Date Format : DDMMYYYY

2	Segment Indicator	O
3	Clearing member Code	
4	TM Code	
5	Account Type	
6	Client Account/ Code	
7	Instrument Type	
8	Symbol	
9	Expiry date	
10	Strike Price	
11	Option Type	
12	CA Level	
13	Pre Ex / Assgn Long Quantity	
14	Settlement Price	
15	Exercise Option	

iii. File to be uploaded by members

A file upload facility has been provided to the members to specify an option to change default Exercise Flag from ‘Y’ to ‘N’ or 'N 'to Ý' through NSCCL –MASS platform under service “Exercise Request”

On clicking the “Exercise Request”, member shall be navigated to the page “Exercise Request” where facility of file upload and response download is provided. On “Exercise Request” page in ‘File Upload’ tab, member shall

- Select segment as commodity (O-CO) from the drop down list.
- click on “browse” to select file to be uploaded
- click on “Upload” to upload the file

File Nomenclature: O_CTM_<MEMBER CODE>_DDMMYYYY.Tnn
Extranet Path: /comftp/<membercode>/Reports
Where:
O is segment indicator
MEMBER CODE is the primary member code
DDMMYYYY is the current date
Tnn is the batch number

File Format:

Sr No	Field Name	Eligible Values / Description
1	Position Date	Date Format : DDMMYYYY
2	Segment Indicator	O
3	Clearing member Code	
4	TM Code	

5	Account Type	
6	Client Account/ Code	
7	Instrument Type	
8	Symbol	
9	Expiry date	
10	Strike Price	
11	Option Type	
12	CA Level	
13	Pre Ex / Assgn Long Quantity	
14	Settlement Price	
15	Exercise Option	Possible values - Y or N

iv. Return file to be downloaded to members

A response file is generated for each file uploaded by the member. Members can download return file through NSCCL –MASS platform under service “Exercise Request”. On “Exercise Request” page in ‘Return File’ tab, member shall

- Select segment as commodity (O-CO) from the drop down list. A matrix with list of response files shall be populated.
- click on response file to download

File naming convention of return files are as follows:

Extranet Path: /comftp/<membercode>/Reports

Success File: O_CTM_<MEMBER CODE>_DDMMYYYY.Snn
Rejected File: O_CTM_<MEMBER CODE>_DDMMYYYY.Rnn

Where:
O is segment indicator
MEMBER CODE is the primary member code
DDMMYYYY is the current date
R - File is partially/ fully rejected
S - File is successful
nn - Batch number

File Format:

Sr No	Field	Eligible Values / Description
1	Position Date	Date Format : DDMMYYYY
2	Segment Indicator	O
3	Clearing member Code	
4	TM Code	

5	Account Type	
6	Client Account/ Code	
7	Instrument Type	
8	Symbol	
9	Expiry date	
10	Strike Price	
11	Option Type	
12	CA Level	
13	Pre Ex / Assgn Long Quantity	
14	Settlement Price	
15	Exercise Option	Possible values - Y or N
16	Status of Record	Possible Values – S or R
17	Rejection Reason	

The Member can upload the file specifying the exercise instruction multiple times **with in 30 minutes of download of CTM position file (**O_CTM_<MEMBER CODE>_DDMMYYYY.CSV) **by NCL.** If the member does not provide any preference within the cut-off time or if the information provided by the member is incomplete or not valid, then as per existing procedure the CTM positions where Exercise Flag is indicated as 'N' by the cut-off time shall not be exercised and the ITM positions where Exercise Flag is indicated as 'Y' by the cut-off time shall be exercised.

Members are requested to take note of the above.

For and on behalf of
NSE Clearing Limited

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