NSE Clearing

Circular

NSE Clearing Limited

(Formerly known as National Securities Clearing Corporation Limited)

Department :	
Download Ref No: NSCCL/LEGAL/39727	Date : December 21, 2018
Circular Ref. No: 4/2018	

To the Clearing Members of applicable segments

Sub : Amendments to the NSCCL (Futures & Options) Regulations

The NSCCL (Futures & Options) Regulations is amended as hereunder:

(1) The following clause is inserted as Regulation 5.11 in Chapter 5:

Quote:

5.11 Settlement mode

5.11.1 All open positions of F&O Clearing Members in the Futures Contracts at the close of trading hours on the last trading day may be either cash settled or physically settled as per the procedure specified by the relevant authority from time to time.

5.11.2 Physical settlement

5.11.2.1 Obligations in an equivalent number of units of the underlying security, conveyed by a futures contract, shall be created on the day of expiry in accordance with the positions outstanding on the expiry day.

5.11.2.2 The Clearing Member who has long / short positions shall be liable to fulfill the delivery or payment obligations, so created, as the case may be, to Clearing Corporation. On fulfillment of such obligation, he shall be entitled to receive funds or underlying securities, as the case may be, from Clearing Corporation.

Unquote

(2) Regulation 5A.4.1.1 is amended as under (words in bold letters are included):

Quote

5A4.1.1 Mode of settlement: Mode of settlement may be either cash settled **or physically settled** or by creation of obligations in underlying segment or such other mode as may be specified by the Relevant Authority from time to time. Settlement by creation of obligations in underlying segment may be either cash based or delivery based.

Unquote

(3) (i) The following clause is inserted as Regulation 4.1.2.2 under Regulation 5A.4.1.2**:**

Quote

4.1.2.2 **Physical settlement**

4.1.2.2.1 Obligations in an equivalent number of units of the underlying security, conveyed by an exercised option contract, shall be created on the day of exercise, in accordance with the option type and series, at the strike price.

4.1.2.2.2 Obligations in an equivalent number of units of the underlying security, conveyed by an assigned option contract, shall be created on the day of exercise, in accordance with the option type and series, at the strike price.

4.1.2.2.3 The Clearing Member who has exercised or has been assigned, as the case may be, the option contract, shall be liable to fulfill the delivery or payment obligations, so created, as the case may be, to Clearing Corporation. On fulfilment of such obligation, he shall be entitled to receive funds or underlying securities, as the case may be, from Clearing Corporation.

Unquote

(3)(ii) As a consequence of the above amendment, the existing Regulation 4.1.2.2 is renumbered as Regulation 4.1.2.3.

For and on behalf of
NSE Clearing Limited

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