

Dear Client(s),

Sub :- Compulsory Settlement by physical Delivery in F&O Segment.

We draw your kind attention towards SEBI circular no [SEBI/HO/MRD/DP/CIR/P/2018/67](#) dated 11-04-2018 and NSE circulars no [NSE/FAOP/37594](#) dated 23-04-2018 announcing that Open position in scripts mentioned in these circulars on expiry day shall be compulsory settled by physical delivery. Consequently, if you do not square up your open position in these scripts on expiry day, you have to compulsory give or take delivery depending upon your open position.

For example, if you have LONG POSITION in any scrip and do not square up your position on expiry day you have to take delivery of these shares by paying full delivery amount (Settlement Price * Lot Size * Number of lots) along with STT @ .1% and other statutory charges. Similarly if you have SHORT POSITION and do not square up on expiry day you have to give delivery of shares (LOT SIZE*NUMBER OF LOTS) at least 1 hour before schedule time on pay-in date, failing which exchange shall auction the shares and you have to bear all losses occurred due to such auction along with applicable exchange charges and penalty.

We, therefore request you to keep yourself updated about the scripts which are in compulsory delivery and make sure to square off/ Carry forward your position before expiry day to avoid getting obligation of taking or giving delivery of scripts. **R K GLOBAL shall not be responsible for loss incurred by any client due to non fulfillment of obligation arises due to not squaring of open position before expiry.**

Further, we shall suggest you to kindly square off/ carry forward your open position before expiry week to avoid excessive margin requirement on these scripts and thereby also avoiding chances of getting involved in delivery obligation.

Thanking you,

Surveillance Dept.

R K GLOBAL



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Securities and Exchange Board of India

CIRCULAR

SEBI/HO/MRD/DP/CIR/P/2018/67

April 11, 2018

To,
All Stock Exchanges (except Commodity Derivatives Exchanges),

Dear Sir/Madam,

Sub: Review of Framework for Stocks in Derivatives Segment

1. Please refer to SEBI circular CIR/DNPD/3/2012 dated July 23, 2012 captioned 'Revision of Eligibility Criteria for Stocks in Derivatives Segment' and circular CIR/DNPD/4/2010 dated July 15, 2010 captioned 'Physical Settlement of Stock Derivatives'.
2. **Discussion Paper/public consultation on Growth and Development of Derivative Market in India**

With a view to improve market integrity and provide better alignment of cash and derivatives segment, SEBI published discussion papers on July 12, 2017 and September 7, 2017 requesting stakeholders to provide their comments/views thereon. In light of the comments received and assessment thereof, discussion with the stock exchanges and market participants and further discussion in the meeting of Secondary Market Advisory Committee (SMAC) of SEBI held on March 07, 2018, it has been decided to take the following measures in connection with the eligibility criteria, exit criteria and settlement of stock derivatives as given hereunder:

Physical settlement of stock derivatives

3. In line with the recommendations made by the L.C Gupta committee regarding physical settlement of stock derivatives and discussion in SMAC regarding the functioning of the Securities Lending and Borrowing mechanism (SLBM), it has been decided that physical settlement of stock derivatives shall be made mandatory in a phased/calibrated manner.



Enhanced eligibility criteria for introduction of stocks in Derivatives Segment ('Enhanced criteria')

4. A stock, on which option and future contracts are proposed to be introduced, shall conform to the following broad eligibility criteria: -
- The stock shall be chosen from amongst the top 500 stocks in terms of average daily market capitalization and average daily traded value in the previous six months on a rolling basis',
 - The stock's median quarter-sigma order size over the last six months, on a rolling basis, shall not be less than ₹ 25 Lakh,
 - The market wide position limit in the stock shall not be less than ₹ 500 crore on a rolling basis, and
 - Average daily delivery value in the cash market shall not be less than ₹ 10 crore in the previous six months on a rolling basis.

Above criteria are to be met for a continuous period of six months.

5. Derivatives on stocks (new/existing) which meet the enhanced eligibility criteria (given at para 4 above) shall be cash settled until further notification, however such stocks, if they fail to satisfy any of the enhanced eligibility criteria for a continuous period of three months, shall move from cash settlement to physical settlement. After moving to physical settlement, if such stocks do not meet any of the eligibility criteria (specified vide circular CIR/DNPD/3/2012 dated July 23, 2012) for a continuous period of three months, then they shall exit from derivatives segment.
6. Stocks which are currently in derivatives segment and meet the eligibility criteria (specified vide circular CIR/DNPD/3/2012 dated July 23, 2012) but do not meet the enhanced criteria shall be physically settled. Such stocks, however, shall exit from derivatives segment in case;
- They fail to meet any of the eligibility criteria (specified vide circular CIR/DNPD/3/2012 dated July 23, 2012) for a continuous period of three months, or
 - They fail to meet any of the enhanced eligibility criteria after a period of one year from the date of this circular.
7. After a period of one year from the date of this circular, only those stocks which meet the enhanced eligibility criteria shall remain in derivatives segment.
8. The risk management framework, settlement mechanism and other procedures of the cash segment shall be applicable when a stock derivatives devolves into physical settlement.



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9. Stock which meet the enhanced eligibility criteria shall also move to physical settlement albeit in a phased/calibrated manner.
10. The other provisions regarding single stock derivatives shall remain as specified in SEBI circulars CIR/DNPD/3/2012 dated July 23, 2012 and CIR/DNPD/4/2010 dated July 15, 2010.
11. Exchanges are directed to put in place proper systems and procedures for smooth implementation of physical settlement and take necessary action to give effect to this circular. No new contract shall be issued on stocks that may exit the derivatives segment, however, the existing unexpired contracts may be permitted to trade till expiry and new strikes may also be introduced in the existing contract months.
12. Stock Exchanges are directed to:
 - a. take necessary steps to put in place systems for implementation of the circular, including necessary amendments to the relevant bye-laws, rules and regulations;
 - b. bring the provisions of this circular to the notice of the stock brokers/clearing members and also disseminate the same on their website;
 - c. communicate to SEBI the status of implementation of the provisions of this circular through monthly development report.
13. This circular is issued in exercise of the powers conferred under Section 11(1) of the Securities and Exchange Board of India Act 1992, read with Section 10 of the Securities Contracts (Regulation) Act, 1956 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.
14. The circular shall come into force from the date of the circular.
15. This circular is available on SEBI website at www.sebi.gov.in at "Legal Framework→Circulars".

Yours faithfully,

Amit Tandon
Deputy General Manager
email: amitt@sebi.gov.in

NATIONAL STOCK EXCHANGE OF INDIA LIMITED
DEPARTMENT : FUTURES & OPTIONS

Download Ref No : NSE/FAOP/37594

Date : April 23, 2018

Circular Ref. No : 37/2018

All Members,

Revision of settlement mechanism in Equity Derivatives segment

Members are advised to note that based on review of framework for stocks in Derivatives Segment as prescribed by SEBI vide circular no. SEBI/HO/MRD/DP/CIR/P/P/2018/67 dated April 11, 2018, the following securities are liable to be **settled physically**:

Sr No	Symbol	Security
1	ADANIPOWER	ADANI POWER LIMITED
2	AJANTPHARM	AJANTA PHARMA LIMITED
3	ALBK	ALLAHABAD BANK
4	ANDHRABANK	ANDHRA BANK
5	BALRAMCHIN	BALRAMPUR CHINI MILLS LIMITED
6	BEML	BEML LIMITED
7	BERGEPAIN	BERGER PAINTS (I) LIMITED
8	CANFINHOME	CAN FIN HOMES LIMITED
9	CGPOWER	CG POWER AND INDUSTRIAL SOLUTIONS LIMITED
10	CHENNPETRO	CHENNAI PETROLEUM CORPORATION LIMITED
11	DCBBANK	DCB BANK LIMITED
12	GODFRYPHLP	GODFREY PHILLIPS INDIA LIMITED
13	GODREJIND	GODREJ INDUSTRIES LIMITED
14	GRANULES	GRANULES INDIA LIMITED
15	GSFC	GUJARAT STATE FERTILIZERS & CHEMICALS LIMITED
16	HEXAWARE	HEXAWARE TECHNOLOGIES LIMITED
17	HCC	HINDUSTAN CONSTRUCTION COMPANY LIMITED
18	IDBI	IDBI BANK LIMITED
19	IFCI	IFCI LIMITED
20	JPASSOCIAT	JAIPRAKASH ASSOCIATES LIMITED
21	JUSTDIAL	JUST DIAL LIMITED
22	KSCL	KAVERI SEED COMPANY LIMITED
23	KPIT	KPIT TECHNOLOGIES LIMITED
24	MGL	MAHANAGAR GAS LIMITED
25	MRPL	MANGALORE REFINERY AND PETROCHEMICALS LIMITED
26	NHPC	NHPC LIMITED
27	NIITTECH	NIIT TECHNOLOGIES LIMITED

28	OIL	OIL INDIA LIMITED
29	OFSS	ORACLE FINANCIAL SERVICES SOFTWARE LIMITED
30	ORIENTBANK	ORIENTAL BANK OF COMMERCE
31	PTC	PTC INDIA LIMITED
32	PVR	PVR LIMITED
33	RCOM	RELIANCE COMMUNICATIONS LIMITED
34	RNAVAL	RELIANCE NAVAL AND ENGINEERING LIMITED
35	RPOWER	RELIANCE POWER LIMITED
36	REPCOHOME	REPCO HOME FINANCE LIMITED
37	SIEMENS	SIEMENS LIMITED
38	SREINFRA	SREI INFRASTRUCTURE FINANCE LIMITED
39	SRF	SRF LIMITED
40	SYNDIBANK	SYNDICATE BANK
41	RAMCOCEM	THE RAMCO CEMENTS LIMITED
42	TORNTPOWER	TORRENT POWER LIMITED
43	TV18BRDCST	TV18 BROADCAST LIMITED
44	UBL	UNITED BREWERIES LIMITED
45	VGUARD	V-GUARD INDUSTRIES LIMITED
46	WOCKPHARMA	WOCKHARDT LIMITED

In view of the above, members are requested to note that all new expiry month contracts issued in the above securities after expiry of April contracts (i.e. July Expiry onwards) shall be physical settled. However, the existing unexpired contracts of expiry months April 2018, May 2018 and June 2018 and new strikes introduced in such contracts would continue to be available for trading till their respective expiry under the cash settlement mode.

Details regarding physical settlement shall be separately published by the clearing corporation (NSCCL).

**For and on behalf of
National Stock Exchange of India Limited**

**Abhijeet Sontakke
Senior Manager**

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