

GRC BULLETIN

NOVEMBER - 2024, VOLUME: I

SEBI

Circular regarding Monitoring of position limits for equity derivative segment

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CORPORATE LAWS

Authority

Securities and
Exchange Board of
India

Circular Date

Oct 15, 2024

Circular Number

SEBI/HO/MRD/MRD-
PoD-2/P/CIR/2024/140

Effective Date

Oct 15, 2024

SEBI - CIRCULAR REGARDING MONITORING OF POSITION LIMITS FOR EQUITY DERIVATIVE SEGMENT

Applicability:

Applicable to all Recognized Stock Exchanges & Clearing Corporations

On October 15, 2024, the Securities and Exchange Board of India (SEBI) issued a circular introducing significant changes to the position limits and monitoring framework for the equity derivatives segment. These revisions aim to enhance transparency and align monitoring practices with evolving market dynamics. The new rules, developed after consultations with market participants and the Secondary Market Advisory Committee (SMAC), introduce higher position limits and updated guidelines for monitoring open interest (OI).

Key Changes in Position Limits (Effective Immediately)

- Revised Position Limit for Trading Members (TMs):
- Higher of INR 7,500 crore or 15% of the total Open Interest (OI) in the market.
- The limit applies separately to index futures and index options contracts.

New Monitoring Framework for Position Limits (Effective from April 1, 2025)

- Daily Monitoring Based on Previous Day's OI:
- Positions will now be monitored against total OI as of the previous day's trade.
- Aligns with the currency derivatives segment's monitoring practices.

Handling Market OI Drops (Passive Breach):

- If market OI decreases, participants may passively breach limits without changing their positions.
- No penalties or forced unwinding for such passive breaches.

Compliance Actions for Stock Exchanges and Clearing Corporations

- Amendment of Bye-laws, Rules, and Regulations to reflect the new position limits and monitoring changes.
- Communication to Market Participants (including Trading Members) and dissemination of the circular via official websites.



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- Communication to Market Participants (including Trading Members) and dissemination of the circular via official websites.

Implementation Timelines

- Position Limits Changes: Immediate effect from October 15, 2024.
- Monitoring Framework: To be implemented from April 1, 2025.

SOURCE: [Click here for more details](#)



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