



NOTICES

Notice No.	20210902-33	Notice Date	02 Sep 2021
Category	Settlement/RMS	Segment	Derivatives
Subject	Delivery margins for Physical Settlement in Equity Derivatives		
Attachments	Annexure.xls ;		
Content			

With reference to SEBI circular No. SEBI/HO/MRD/DP/CIR/P/2018/67 dated Apr 11, 2018 on [Review of Framework for Stocks in Derivatives Segment](#), ICCL has implemented following additional risk management measures in respect of derivative contracts which shall be settled through delivery

- Current margining framework of Equity Derivatives Segment shall continue to be applicable till expiry of derivative contracts.
- In addition to margins applicable for Equity Derivatives Segment, delivery margins shall be levied **on lower of potential deliverable positions or in-the-money long option positions** four (4) working days prior to expiry (including expiry day) of derivative contract which has to be settled through delivery. Example- If expiry of derivative contract is on Thursday, the delivery margins on potential in-the-money long option position shall be applicable from previous Friday EOD. Example for computation of positions on which the margins shall be levied is enclosed as **Annexure**.
- From Expiry - 4 day EOD client level potential in-the-money long option positions shall be computed on daily basis. In-the-Money options shall be identified based on the Settlement price of the security in the underlying Equity Cash segment on the respective day.
- The marginable positions shall also be valued at underlying settlement price.
- Delivery margins at the client level shall be computed as per the margin rate applicable in Equity Cash segment (i.e VAR, Extreme Loss Margins) of the respective security.
- Delivery margins shall be levied at client level and collected from clearing member in a staggered manner as under:
 - 10% of Delivery margins computed on Expiry - 3
 - 25% of Delivery margins computed on Expiry - 2
 - 45% of Delivery margins computed on Expiry - 1
 - 70% of Delivery margins computed on Expiry
- The delivery margins on potential in-the-money long option positions shall be recomputed only at EOD basis considering the revised position and underlying settlement prices.
- Members shall be required to collect the delivery margins and shall be included in the client margin reporting for clearing and trading members.
- Post expiry, positions which are converted to delivery settlement, margins as applicable in Equity cash segment (i.e VAR, Extreme Loss Margins, Mark to Market margins) shall be applicable and levied as delivery margins.

The abovementioned margins shall be levied from September 20, 2021.

Members are requested to take note of the above.

For and on behalf of Indian Clearing Corporation Ltd.

Piyush Chourasia

Chief Risk Officer & Head - Strategy

Risk Department	
Email	risk.monitoring@icclindia.com

Contact No:

+91-22-22728759/5820/8811