भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

CIRCULAR

SEBI/HO/MRD/TPD/CIR/P/2025/ 122 **September 01, 2025**

To,

All Stock Exchanges,
All Clearing Corporations,
All Depositories,

Dear Sir/ Madam,

Sub: Framework for Intraday Position Limits Monitoring for Equity Index Derivatives

1. SEBI consultation paper dated February 24, 2025 on *'Enhancing Trading Convenience and Strengthening Risk Monitoring in Equity Derivatives'*, proposed the following Future Equivalent (FutEq) or delta equivalent positions limits for index options:

S No.	Position type	Limit
1	End of day	Net FutEq : ₹500 crores Gross FutEq : ₹1,500 crores
2	Intraday	Net FutEq : ₹1,000 crores Gross FutEq : ₹2,500 crores

2. On the basis of feedback received from market participants and subsequent deliberations in Secondary Market Advisory Committee (SMAC) of SEBI as well as with Market Infrastructure Institutions (MIIs), following was stipulated for position limits for index options (Para 5.5 of SEBI circular SEBI/HO/MRD/TPD-1/P/CIR/2025/79 dated May 29, 2025):

S No.	Position type	Limit	Implementation Timeline
1	End of day	Net FutEq : ₹1,500 crores Gross FutEq : ₹10,000 crores	Glide path : From July 01, 2025 to December 05, 2025 Normal implementation : December 06, 2025

S No.	Position type	Limit	Implementation Timeline
2	Intraday	No limit specifically defined however end of day position limits would be monitored by Stock Exchanges on an intraday basis through random snapshots from the perspective of market integrity / surveillance concerns	July 01, 2025

3. On the basis of observed instances of outsized intraday FutEq positions created by certain entities in index options on the day of contract expiry and the risks to market integrity thereof, discussions were held with Stock Exchanges to strengthen the intraday monitoring framework for index options.

4. In view of the aforesaid discussions and after deliberations in SMAC, it is decided to implement the following entity level intraday monitoring framework for index options to ensure market stability, while facilitating participation by various market participants including liquidity providers / market makers:

   4.1. Intraday Net position limit (FutEq basis) for each entity shall be ₹5,000 cr. (as against end of day limit of ₹1,500 cr).

   4.2. Intraday Gross position limit (FutEq basis) for each entity shall be ₹10,000 cr. (i.e. separately both on long and short sides), same as the present end of day limit.

   4.3. The aforesaid intraday limits shall continue to be monitored by Stock Exchanges through a minimum of four random snapshots during the trading day (including one snapshot between 14:45 hrs to 15:30 hrs i.e. around market closing time where heightened activity is geberally observed).

   4.4. Further, in order to monitor the intraday positions of entities, as mentioned aforesaid, the Stock Exchanges shall consider the underlying price at the time of taking positions snapshots.

4.5. Entities shall be allowed to take additional exposure against holding of securities or cash/cash equivalent, as applicable, in line with para 5.5.3 of SEBI circular dated May 29, 2025.

4.6. For the entities breaching the aforesaid limits, Stock Exchanges shall examine trading patterns of such entities which would inter-alia include seeking rationale for such positions from the clients, examining trading in the constituents of the index by the entity and discussing such instances with SEBI in the surveillance meeting.

4.7. On the day of expiry of options contracts, the breaches of aforesaid position limits shall additionally attract penalty/additional surveillance deposit, as decided jointly by Stock Exchanges.

4.8. The aforesaid framework would facilitate market making activity on all trading days while putting a check on creation of outsized intraday position on the expiry day for orderly trading.

4.9. The aforesaid framework would also provide predictability, operational clarity, and a fair balance between ease of trading and risk management.

4.10. The aforesaid framework shall be restricted to index options only.

5. Stock Exchanges and Clearing Corporations are advised to prepare a joint Standard Operating Procedure (SOP) detailing modalities for intraday monitoring in line with the instant circular and submit the same to SEBI within 15 days from the date of this circular and issue an SOP to market participants before the Circular becomes effective.

6. The provisions of the Circular shall come into effect from October 01, 2025 except for the provision mentioned at para 4.7 above which shall come into effect from December 6, 2025 (i.e. at the end of glide path of FutEq based positions limits, as mentioned at Para 2 above).

7. MIIs are required to take necessary steps to put in place systems processes, and monitoring mechanisms for implementation of the Circular, including necessary amendments to the relevant bye-laws, rules and regulations, if any.

8. This Circular is being issued in exercise of the powers conferred by Section 11(1) of Securities and Exchange Board of India Act, 1992 read with Regulation 51 of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 and Section 19 of the Depositories Act, 1996 read with Regulation 97 of Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 to protect the interest of investors in securities market and to promote the development of, and to regulate the securities market.

9. The Circular is issued with the approval of Competent Authority.

10. This Circular is available on SEBI website at www.sebi.gov.in under the categories "Legal Framework" and "Circulars".

Yours faithfully,

Darshil D. Bhatt
Deputy General Manager
Technology, Process Re-engineering, Data Analytics
Market Regulation Department
Phone no. +91-22-26449735
Email: darshilb@sebi.gov.in