
NATIONAL COMMODITY CLEARING LIMITED

Circular to all Members of the Clearing Corporation

Circular No. : NCCL/RISK-044/2024

Date : August 07, 2024

Subject : Revision in Pre-expiry margin on Options on Futures Contracts

Reference is drawn to NCCL circular no. NCCL/RISK-030/2024 dated June 24, 2024 on Margins for Options on Guar Seed Futures Contracts.

In terms of the provisions of the Rules, Byelaws and Regulations of the NCCL, pre expiry margin on options on futures shall be as under:

1. Pre expiry margin would be levied as 33.33%(Expiry-2), 66.66%(Expiry-1) and 100%(Expiry) of the initial margins of underlying futures contracts three days prior to the expiry (including the day of expiry) of the options contracts respectively.
2. Pre expiry margin will be charged only on At the Money (ATM) and In the Money (ITM) long and short option positions. Further, during intraday if any Out of the Money (OTM) contract becomes ATM or ITM, per expiry margin would be levied intraday after volatility computation.
3. For short option positions, actual Short Option Minimum Margin (SOMM) charged shall be reduced from total pre expiry margin to be charged.

The revised pre-expiry margin will be applicable in all the running options on futures contracts expiring from August 2024 onwards and in yet to be launched options on futures contracts.

Members and participants are requested to note the above.

For and on behalf of
National Commodity Clearing Limited

Abhishek Soni
Chief Risk Officer