

# National Stock Exchange of India Limited

## Circular

Department: FUTURES & OPTIONS	
Download Ref No: NSE/FAOP/60058	Date: December 29, 2023
Circular Ref. No: 199/2023	

All Members,

Revision in strike scheme for Stock Options and periodic disablement of illiquid strikes

This is w.r.t modification to item no. 1.10 Strikes Price in F&O consolidated circular [NSE/FAOP/57264](#) dated June 23, 2023.

It is proposed to revise the strike scheme for stock options as given below:

- There is no change in computation of step value. Strike scheme for expiration (Near Month, Middle Month and Far Month) is being segregated into narrow range and wide range.
- The step value is defined for narrow range and wide range within each expiry either as step value or as a multiple of the step value.
- The strike scheme will attempt to provide coverage of around 10% in narrow range. The wide range will provide an additional 5% from the narrow range, thereby providing total price range of around 15% subject to meeting minimum and maximum number of strikes.

Parameter		Proposed Strike Scheme		
		Near Month	Middle Month	Far Month
Step Value	Narrow Range	Step Value		2 times of Step Value
	Wide Range	2 times of Step Value	2 times of Step Value	4 times of Step Value
Strike Scheme	Narrow Range	Min 3-1-3	Min 3-1-3	Min 3-1-3
		Max 12-1-12	Max 12-1-12	Max 6-1-6
	Wide Range	Min 1-1-1	Min 1-1-1	Min 1-1-1
		Max 12-1-12	Max 12-1-12	Max 6-1-6

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Further the additional points provided below should be noted:

1. The step value shall be reviewed and revised, if necessary, on a quarterly basis.
2. New contracts with new strike prices shall be introduced for trading on the next working day based on the previous day's underlying close price.
3. In order to decide the at-the-money strike price, closing underlying value shall be rounded off to the nearest strike price interval.
4. The Exchange, at its discretion, may enable additional strikes as mentioned in the above table in the direction of the price movement, intraday, if required. The additional strikes may be enabled during the day at regular intervals and message for the same shall be broadcast to all trading terminals.

Members are requested to note that revised applicable step values and number of strikes for FO stocks which shall be applicable for trading w.e.f. January 29, 2024, and the details of the same shall intimated via separate circular in due course.

Periodic disablement of illiquid strikes:

Exchange in consultation with SEBI has decided to implement a monthly review of stock options strikes and to disable illiquid strikes as per the below criteria:

- All stock options contracts which are eligible as per the strike scheme will continue to be available for trading, irrespective of the open interest.
- All stock options contracts which are not eligible as per the strike scheme and having open interest will continue to be available for trading.
- All stock options contracts which not eligible as per the strike scheme and with zero open interest will be disabled.

The strike interval review for illiquid strikes in stock options would be conducted on monthly basis on the next trading day (End of the day) after the monthly expiry day of stock options. The illiquid strikes will be disabled for trading effective from second trading day after the monthly expiry day of stock options.

The first review will be held on March 1, 2024 (i.e. next trading day after monthly expiry of February 29, 2024). The illiquid strikes will be disabled for trading from March 4, 2024 (i.e. second trading day after the stock options monthly expiry day of February 29, 2024)

Members are requested to note the above revisions.

For and on behalf of  
National Stock Exchange of India Limited

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Associate Vice President

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