

National Stock Exchange of India

Circular

Department: SURVEILLANCE	
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To All NSE Members

Sub: Standard Operating Procedure - Intraday Position Monitoring for Index Derivatives Contracts

This has reference to the SEBI Circular No. SEBI/HO/MRD/TPD-1/P/CIR/2024/132 dated October 01, 2024, SEBI/HO/MRD/MRD-PoD-2/P/CIR/2024/140 dated October 15, 2024, and SEBI/HO/MRD/TPD-1/P/CIR/2025/41 dated March 28, 2025. As required by SEBI circular SEBI/HO/MRD/TPD-1/P/CIR/2025/41 dated March 28, 2025, this circular contains the SOP regarding modalities of monitoring position limits.

1. Background:

- Below is the relevant extract of mechanisms to be implemented, as per SEBI Circular No. SEBI/HO/MRD/TPD-1/P/CIR/2024/132 dated October 01, 2024 with effect from April 01, 2025 by Exchanges.

Quote”

5.3 Intraday Monitoring of position limits –

5.3.1 The position limits for index derivatives contracts as specified by SEBI from time to time are being monitored by Stock Exchanges/ Clearing corporations at the end of day. Particularly amidst the large volumes of trading on expiry day, there is a possibility of undetected intraday positions beyond permissible limits during the course of the day. To address the aforesaid risk of position creation beyond permissible limits, it has been decided that existing position limits for equity index derivatives shall henceforth also be monitored intra-day by exchanges.

5.3.2 For this purpose, Stock Exchanges shall consider minimum 4 position snapshots during the day. The number of snapshots may be decided by the respective Stock Exchanges subject to a minimum of 4 snapshots in a day. The snapshots would be randomly taken during pre-defined time windows.

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5.3.3 To provide sufficient time for implementation, the measure shall be effective for equity index derivatives contracts from April 01, 2025. Further, the existing framework of penalty structure for breach of end of day position limit shall be extended by exchanges for intraday position limit breaches as well.

“Unquote.

- 1.2. Below is the relevant extract of mechanisms to be implemented, as per SEBI Circular No. SEBI/HO/MRD/MRD-PoD-2/P/CIR/2024/140 October 15, 2024.

Quote”

3. *It is also noted that that open interest of both the participants and the market is dynamic and changing throughout the day. With a view of providing better clarity to the market participants in terms of their position limits, the following has been decided:*

3.1 *In conformity with the extant practice in currency derivatives segment, positions of market participants in the equity derivatives segment (index and stocks) shall also be monitored based on total open interest of the market at the end of previous day's trade.*

3.2 *In case of a drop in market OI compared to the previous day's market OI, market participants may breach the specified position limits even if their positions have remained unchanged throughout the day.*

3.3 *For such cases of passive breaches, market participants would not be penalized and not be required to unwind their positions.*

“Unquote.

- 1.3. Below is the relevant extract of mechanisms to be implemented, as per SEBI Circular No. SEBI/HO/MRD/TPD-1/P/CIR/2025/41 dated March 28, 2025.

Quote”

3. In view of the aforesaid concerns, the following has been decided for intraday monitoring of existing position limits for index derivatives:

3.1. From April 01, 2025, exchanges shall monitor position limits for index derivatives intraday in line with Clause 1.3.4.1 and 1.3.4.2 of SEBI Master Circular dated December 30, 2024, as mentioned aforesaid.

3.2. However, there shall be no penalty for breach of existing position limits intraday and such intraday breaches shall not be considered as violations, until further directions.

3.3. Exchanges shall prepare a joint SOP intimating market participants regarding modalities of monitoring existing notional position limits intraday and intimate such breaches to clients / trading members for their risk monitoring.

“Unquote.

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- 1.4. As per the aforementioned SEBI circulars, it has been decided that “In addition to the end of day monitoring mechanism as stated above, the position limits, for equity index derivative contracts, would also be monitored by Exchange on an intraday basis from April 01, 2025.
- 1.5. For this purpose, Exchange shall consider minimum 4 position snapshots during the day. The snapshots would be randomly taken during pre-defined time windows.
- 1.6. There shall be no penalty for breach of existing position limits intraday and such intraday breaches shall not be considered as violations, until further directions.

2. Accordingly, following SOP shall be adopted by the Exchanges for monitoring position limits:

2.1. Participant wise position monitoring:

- 2.1.1. Below is the relevant extract of the current participant wise position monitoring for index derivatives contracts as per NCL/CMPT/61801 dated April 29, 2024 & NCL/CMPT/64569 dated October 15, 2024.

Quote”

11.1 Trading Member wise Position Limit

11.1.1 Index Futures

The trading member position limits in equity index futures contracts shall be higher of Rs.7500 crores or 15% of the total open interest in the market in equity index futures contracts. This limit would be applicable on open positions in all futures contracts on a particular underlying index

11.1.2 Index Options

The trading member position limits in equity index option contracts shall be higher of Rs.7500 crores or 15% of the total open interest in the market in equity index option contracts. This limit would be applicable on open positions in all option contracts on a particular underlying index

11.2 Client Level Position Limits

11.2.3 Disclosure for Client Positions in Index based contracts

Any person or persons acting in concert who together own 15% or more of the open interest on a particular underlying index, is required to report this fact to the Exchange/ Clearing Corporation. Failure to do so shall be treated as a violation and shall attract appropriate penal and disciplinary action in accordance with the Rules, Byelaws and Regulations of the Clearing Corporation. The disclosure shall be provided as specified in

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Part C (49) - Format of letter to be provided by Clearing Member for disclosure of Client Position in Index Based Contracts.

- 12.2 *FPI Category (I) and MF Position limits in index options contracts:
FPI category (I) and MF position limit in all index options contracts on a particular underlying index shall be Rs.500 crores or 15 % of the total open interest of the market in index options, whichever is higher. This limit would be applicable on open positions in all options contracts on a particular underlying index.*
- 12.3 *FPI Category (I) and MF Position limits in index futures contracts:
FPI category (I) and MF position limit in all index futures contracts on a particular underlying index shall be Rs.500 crores or 15 % of the total open interest of the market in index futures, whichever is higher. This limit would be applicable on open positions in all futures contracts on a particular underlying index.*
- 12.4 *Additional exposure in equity index derivatives
In addition to the above limits, in index futures and options, FPI Category (I)/MFs shall take exposure in equity index derivatives subject to the following limits:*
- 12.4.1 *Short positions in index derivatives (short futures, short calls and long puts) not exceeding (in notional value) the FPI Category (I)/ MFs holding of stocks.*
- 12.4.2 *Long positions in index derivatives (long futures, long calls and short puts) not exceeding (in notional value) the FPI Category (I)/MFs holding of cash, government securities, T-Bills, money market mutual funds and gilt funds and similar instruments.*

In this regard, if the open position of an FPI Category (I)/ MF exceeds the limits as stated in item no. 12.2 or 12.3, such surplus would be deemed to comprise of short and long positions in the same proportion of the total open positions individually. Such short and long positions in excess of the said limits shall be compared with the FPI Category (I) /MFs holding in stocks, cash etc. as stated above.

- 12.6 **Computation of Position Limits**
The position limits shall be computed on a gross basis at the level of MF and on a net basis at the level of individual FPI /sub-schemes of MF and proprietary positions. The open position for all derivative contracts would be valued as the open positions multiplied with the closing price of the respective underlying security/index in the normal market of the Capital Market segment of the Exchange.

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12.8 Limits for FPI Category II (other than individuals, family offices and corporates)

12.8.1 Index Options

FPI Category II (other than individuals, family offices and corporates) position limit in all index options contracts on a particular underlying index shall be Rs.300 crores or 10 % of the total open interest of the market in index options, whichever is higher. This limit would be applicable on open positions in all options contracts on a particular underlying index

12.8.2 Index Futures

FPI Category II (other than individuals, family offices and corporates) position limit in all index futures contracts on a particular underlying index shall be Rs.300 crores or 10 % of the total open interest of the market in index futures, whichever is higher. This limit would be applicable on open positions in all options contracts on a particular underlying index.

12.9 Limits for FPI Category II (individuals, family offices and corporates)

12.9.1 Index Options

FPI Category II (individuals, family offices and corporates) position limit in all index options contracts on a particular underlying index shall be Rs.100 crores or 5 % of the total open interest of the market in index options, whichever is higher. This limit would be applicable on open positions in all options contracts on a particular underlying index

12.9.2 Index Futures

FPI Category II (individuals, family offices and corporates) position limit in all index futures contracts on a particular underlying index shall be Rs.100 crores or 5 % of the total open interest of the market in index futures, whichever is higher. This limit would be applicable on open positions in all options contracts on a particular underlying index

12.10 Limits for schemes of Mutual Funds.

12.10.1 Index Futures and Options

Any FPI Category II (individuals, family offices and corporates)/ scheme of MF or persons acting in concert who together own 15% or more of the open interest of all derivative contracts on a particular underlying index are required to report this fact to the Exchange/Clearing Corporation. Failure to do so shall be treated as a violation and shall attract appropriate penal and disciplinary action in accordance with the Rules, Byelaws and Regulations of the Clearing Corporation.

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12.11 *Monitoring of Position Limits for FPI/MF Clearing Corporation shall monitor the open positions of the FPI /MF/ Scheme of MF for each underlying security and index, against the position limits specified at the level of FPI / MF/Scheme of MF respectively, at the end of each trading day. In the event of an FPI/MF breaching the position limits on any underlying, FPI/MF shall be required to reduce their open position in such underlying. It shall also be obligatory on FPI/ MFs to report any breach of position limits by them / their sub- schemes, to the Clearing Corporation and ensure that FPI/ MF/sub schemes do not take any fresh positions in any derivative contracts in such underlying.*

“Unquote.

2.1.2. Accordingly in view of the above Exchange shall monitor the positions for the following participant as under. The position limits will be applicable for Index futures and Index options separately.

Participant Type	Monitoring of applicable Position Limits	
	Index Futures	Index Options
Trading Member	<ul style="list-style-type: none"> Higher of Rs. 7500# crores or 15%# of the total open interest in the market in equity index futures contracts 	<ul style="list-style-type: none"> Higher of Rs. 7500# crores or 15%# of the total open interest in the market in equity index options contracts
FPI-I*	<ul style="list-style-type: none"> Higher of Rs. 500# crores or 15%# of the total open interest in the market in equity index futures contracts 	<ul style="list-style-type: none"> Higher of Rs. 500# crores or 15%# of the total open interest in the market in equity index options contracts
FPI-II (Other than Individuals, family offices, and corporates)	<ul style="list-style-type: none"> Higher of Rs. 300# crores or 10%# of the total open interest in the market in equity index futures contracts 	<ul style="list-style-type: none"> Higher of Rs. 300# crores or 10%# of the total open interest in the market in equity index options contracts
FPI-II (Individuals, family offices, and corporates)	<ul style="list-style-type: none"> Higher of Rs. 100# crores or 5%# of the total open interest in the market in equity index futures contracts 	<ul style="list-style-type: none"> Higher of Rs. 100# crores or 5%# of the total open interest in the market in equity index options contracts

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Participant Type	Monitoring of applicable Position Limits	
	Index Futures	Index Options
Mutual Funds at PAN level*	<ul style="list-style-type: none"> Higher of Rs.500# crores or 15%# of the total open interest in the market in equity index futures contracts 	<ul style="list-style-type: none"> Higher of Rs.500# crores or 15%# of the total open interest in the market in equity index options contracts

* Additional exposure in equity index derivatives is permitted for hedging purpose

- 2.1.3. As open interest of both the participants and the market is dynamic and changing throughout the day. With a view of providing better clarity to the market participants in terms of their position limits, the following has been decided:
- 2.1.3.1. In conformity with the extant practice in currency derivatives segment, positions of market participants in the equity derivatives segment (index) shall also be monitored based on total open interest of the market at the end of previous day's trade.
- 2.1.3.2. In case of a drop in market OI compared to the previous day's market OI, market participants may breach the specified position limits even if their positions have remained unchanged/reduced throughout the day
- 2.1.3.3. For such cases of passive breaches, market participants would not be penalised and not be required to unwind their positions.
- 2.1.4. * Reporting of holdings for FPI (category I)/MF for additional limits in equity index derivatives shall be permitted as per point 12.4 for categories FPI Cat 1 (SEBI Circular no: IMD/FPI&C/CIR/P/2019/124 dated November 05, 2019) and Mutual Fund (SEBI circular DNPd/Cir-29/2005 dated September 14, 2005).
- 2.1.4.1. For providing the additional limits in equity index derivatives, Exchange shall consider the reporting by the clearing member on T day as per point 12.7 of the circular NCL/CMPT/61801 dated April 29, 2024.
- 2.1.5. # The position limit of Rs 7500 cr or 15% of OI@ limit shall be calculated in quantity (quantities shall be rounded downwards in case of decimals), based on the previous day underlying. This quantity shall be compared with the TM/FPI/MFs intraday and EOD position in quantity terms for checking breach of the position limits.
- 2.1.6. @ Total open interest of the market at the end of previous day's trade as per point 3.1 of the SEBI circular SEBI/HO/MRD/MRD-PoD-2/P/CIR/2024/140 October 15, 2024.

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- 2.1.7. In case of Custodial Participant (CP) trades, the positions at the time of the random snapshot shall be considered. i.e. Positions shall be considered at TM level until confirmation by the respective CP. Such positions shall be monitored at CP level, post confirmation of such trades.
- 2.1.8. As per the SEBI circular SEBI/HO/MRD/TPD-1/P/CIR/2025/41 dated March 28, 2025, there shall be no penalty for breach of existing position limits intraday and such intraday breaches shall not be considered as violations, until further directions.
- 2.1.9. In case of any breaches on an intraday basis, all such breaches will be intimated to the respective market participants.
- 2.1.10. Position Monitoring - TM/FPI/MF level monitoring as per existing methodology followed by CCs. The methodology of computation of the above position limits is illustrated in **Annexure 1**
- 2.1.11. It shall also be obligatory on FPI/ MFs to report any breach of position limits by them / their sub- schemes, to the Exchange and ensure that FPI/ MF/sub schemes do not take any fresh positions in any derivative contracts in such underlying. The reporting shall be done on the email id pac_position@nse.co.in.
- 2.1.12. Any person or persons acting in concert who together own 15% or more of the open interest on a particular underlying index, is required to report this fact to the Exchange/Clearing Corporation. Failure to do so shall be treated as a violation and shall attract appropriate penal and disciplinary action in accordance with the Rules, Byelaws and Regulations of the Exchange. The disclosure shall be provided as specified in **Part C (49)** - of the circular NCL/CMPT/61801 dated April 29, 2024. The reporting shall be done on the email id pac_position@nse.co.in.

2.2. Position monitoring with respect to Position limits w.r.t Press Release No. PR No. 18/2020 by SEBI on March 20, 2020 & 59/2020 by SEBI on November 25, 2020:

- 2.2.1. The current mechanism of position monitoring on EOD (End of day) basis as per circulars NSE / SURV / 43915 dated March 22, 2020, and NSE/SURV/46458 dated November 25, 2020 shall also be monitored on an Intraday basis.
- 2.2.2. In case of Custodial Participant (CP) trades, the positions at the time of the random snapshot shall be considered. i.e. Positions shall be considered at TM level until confirmation by the respective CP. Such positions shall be monitored at CP level, post confirmation of such trades.
- 2.2.3. In case of any breaches observed on an intraday basis, all such breaches will be intimated to the respective market participants.
- 2.2.4. There shall be no other change in the existing mechanism, apart from the intraday monitoring.
- 2.2.5. As per the SEBI circular SEBI/HO/MRD/TPD-1/P/CIR/2025/41 dated March 28, 2025 there shall be no penalty for breach of existing position limits intraday and

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such intraday breaches shall not be considered as violations, until further directions.

- 2.2.6. As per current methodology, for breach of position limit on EOD positions (w.r.t Rs 500 cr. position limit introduced in March 2020), Additional Surveillance Deposit (ASD) will be levied on T+2 basis (collected on T+3 basis) after giving benefit of the stock purchases of T day i.e. day of violation and demat holdings (received from depositories) of T+1 day EOD. The levy may be later than T+2 day in case of delay in receipt of holdings from the depositories.
- 2.2.7. The current methodology of EOD calculation of sentimental position w.r.t the Rs 500 cr position limit introduced in March 2020 would remain the same. i.e. (Long Call + Short Put – Long Put - Short Call).
 - 2.2.7.1. For computation of ASD amount, all fresh positions that have been taken by the PAN on the day of breach are considered which are in the direction of the breach. Per unit margin applicable for all such positions is multiplied to the fresh positions identified (for long positions, per unit premium is considered). Such margin is then proportionally adjusted to the extent of excess positions. ASD is then computed as aggregate of such adjusted margin.
 - 2.2.7.2. Further in a scenario where the position value continues to be in excess of Rs 500 cr., ASD shall be arrived at based on last positions added in the direction of the breach, irrespective of the fact, whether fresh positions have added or not by the respective PAN.
- 2.2.8. With respect to calculation of the Rs 500 cr. intraday monitoring position value limit
 - 2.2.8.1. For Index futures contract, the net position in futures contracts across expiries will be multiplied with the previous day underlying price for computing the position value.
 - 2.2.8.2. For Index Options the net sentimental position i.e. (Long Call + Short Put – Long Put - Short Call) will be multiplied with the previous day underlying price for computing the position value.
 - 2.2.8.3. Same aforesaid process as in the above two sub-points shall be followed for computing the position value on EOD basis as well. Positions on EOD basis shall also be multiplied with the previous day underlying price for computing the position value.
 - 2.2.8.4. Previous day underlying index price shall be considered for computing both intraday and EOD position, since market participants can easily track their positions based on the fixed previous days underlying (as per the current practice for EOD monitoring).

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2.2.9. For computation of ASD:

2.2.9.1. In case of Short Position Breach, so as to give the benefit of the stock purchases of T day i.e. day of violation, holding of stocks as on T+1 day EOD (from Depositories) with latest valuation shall be considered.

2.2.9.1.1. The benefit of demat holdings in cases of breaches by a client in multiple index options/futures will be allocated to either Index options or Futures position wherever lower aggregate ASD is applicable to the PAN.

2.2.9.2. As per current practice, Exchange only monitors Long Position Breach for FPIs and MFs and for the same Cash & Cash Equivalents as reported in RPT file on T Day i.e. day of violation, shall be considered.

In case of any further queries, you may write to us at surveillance@nse.co.in.

For National Stock Exchange of India Limited

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Annexure 1.

Example for TM position limit monitoring:

Instrument Type	TM	Client A				Client B				Proprietary				Contract Level Gross Positions		Max (Long, Short)	TM Position	OI limit	BreachYES/ NO
		Contract	Long	Short	Net	Contract	Long	Short	Net	Contract	Long	Short	Net	Long	Short		Sum across contracts		
Index Futures	TM1	Nifty Fut Jan 2025		-20	-20	Nifty Fut Jan 2025	40		40	Nifty Fut Jan 2025	50		50	90	20	90	115	100	Yes
	TM1	Nifty Fut Feb 2025	25		25	Nifty Fut Feb 2025			0	Nifty Fut Feb 2025		25	-25	25	25	25			
	TM2	Nifty Fut Mar 2025	20		20	Nifty Fut Mar 2025		40	-40	Nifty Fut Mar 2025	40		40	60	40	60	60	100	No
Index Options	TM1	Nifty CE 18850 Jan 2025		40	-40	Nifty CE 18850 Jan 2025	30		30	Nifty CE 18850 Jan 2025		10	-10	30	50	50	110	105	Yes
	TM1	Nifty PE 18850 Jan 2025		50	-50	Nifty PE 18850 Jan 2025			0	Nifty PE 18850 Jan 2025	60		60	60	50	60			
	TM2	Nifty CE 19000 Feb 2025	25		25	Nifty CE 19000 Feb 2025	25		25	Nifty CE 19000 Feb 2025		25	-25	50	25	50	90	105	No
	TM2	Nifty PE 19000 Feb 2025		40	-40	Nifty PE 19000 Feb 2025	30		30	Nifty PE 19000 Feb 2025	10		10	40	40	40			

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Example for FPI (I) position limit monitoring:

Instrument Type	Contract	Long	Short	Net (A)	FPI (I) Positions (gross across contracts) (B)	OI limit for FPI Cat I	Breach prior to holdings	Excess OI or Additional Exposure (C)	Ratio for allocation of excess OI (D=C/B)	Allocation of excess OI as per ratio (A * D)	Sentimental Long/Short?	Sentimental Long/Short Positions	Total Sentimental Long (E)	Total Sentimental at Short (F)	Underlying Close Price (G)	Value of Sentimental Long excess OI (E*G)	Value of Sentimental Short excess OI (F*G)	
Index Futures	Nifty Fut Jan 2025	100	0	100	300	210	Yes	90	0.30	30	Long	30	30	60	23155	694650.00	1389300.00	
	Nifty Fut Feb 2025	0	200	-200						-60	Short	-60						
Index Options	Bank Nifty CE 48850 Jan 2025	400	0	400	600	540	Yes	60	0.10	40	Long	40	40	20	48700	1948000.00	974000.00	
	Bank Nifty PE 49000 Feb 2025	200	0	200						20	Short	-20						
Total Value																2642650.00	2363300.00	
																Reported Cash Holdings for long excess OI	1000000	N.A.
																Reported Stock Holdings for short excess OI	N.A.	35000000
																Long Violations in Rs.	1642650.00	
																Short Violations in Rs.		0.00