

NSE Clearing Limited

(Formerly known as National Securities Clearing Corporation Ltd.)

DEPARTMENT: FUTURES AND OPTIONS SEGMENT

Download Ref No: NCL/CMPT/65314

Date: November 29, 2024

Circular Ref. No: 146/2024

All Members,

Sub: Removal of calendar spread treatment on the Expiry Day

We draw your attention to SEBI circular ref. no: SEBI/HO/MRD/TPD-1/P/CIR/2024/132 dated October 01, 2024, regarding Measures to Strengthen Equity Index Derivatives Framework for Increased Investor Protection and Market Stability. Point 5.2 on “Removal of calendar spread treatment on the Expiry Day” of the abovementioned SEBI Circular specifies that the benefit of offsetting positions across different expiries ('calendar spread') shall not be available on the day of expiry for contracts expiring on that day.

To implement the above provisions, the below changes shall be made applicable.

SPAN Margin

- A new tag called 'scanTiers' shall be added in .spn file.
 - For **Index** symbols, on the day of expiry there shall be two tiers under 'scanTiers' tag.
 - Tier 1 shall contain the nearest expiry (T Date) for both starting and ending period.
 - Tier 2 shall contain the next expiry and the farthest expiry respectively in the starting and ending period.
 - On non-expiry days, for Index symbols there shall be one tier containing the nearest and farthest expiry respectively in the starting and ending period.
 - For stocks, only one tier will be applicable on all days containing the nearest and farthest expiry respectively in the starting and ending period.
 - Kindly refer the new tags highlighted in Annexure 1.
- On expiry day for an Index, tag 'dspread' shall not contain any combination of expiries with the nearest expiry date (T Date).
- Sample SPAN files are attached for reference.

Extreme Loss Margin

In case of calendar spread positions in future contracts, the **Index** futures positions in expiry day contracts shall not be granted calendar spread treatment on the day of expiry. Such index

positions in expiry day contracts shall not be considered from start of expiry day whereby no calendar spread benefit in Extreme Loss Margins shall be available on such index futures positions.

The circular shall come into effect from **February 01, 2025**.

Members are requested to take note of the above.

**For and on behalf of
NSE Clearing Limited**

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