METROPOLITAN STOCK EXCHANGE

Department: Surveillance	Segment: Equity Derivatives
Circular No: MSE/SURV/17444/2025	Date: June 30, 2025

Subject: Standard Operating Procedure - Position Monitoring for Index Futures and Index Options - Glide path implementation

To All Members,

This is in continuation to Circular MSE/TRD/17260/2025 dated May 30, 2025 and Circular MSE/SURV/16974/2025 dated April 03, 2025.

In accordance with the SEBI circular SEBI/HO/MRD/TPD-1/P/CIR/2025/79 dated May 29, 2025 (para 5.5), pertaining to monitoring of position limits for Index Futures and Index Options (Glide path implementation).

Members may please find attached the SOP as Annexure for their necessary action and compliance.

For any clarifications kindly contact Surveillance Department on 022–61129060/61 or send an email to surveillance@msei.in.

For and on behalf of
Metropolitan Stock Exchange of India Limited

Shweta Mhatre
Asst. Vice President

Dated: June 30, 2025

Standard Operating Procedure for Future Equivalent (FutEq)(Delta) Position Limits Monitoring applicable from July 1, 2025

1. This has reference to the SEBI Circular No. SEBI/HO/MRD/TPD-1/P/CIR/2025/79 dated 29th May 2025. As required in SEBI circular (para 5.5.3.3 and 5.5.4.9), the SOP regarding monitoring of position limits for Index Futures and Index Options is as under which contains:

   1.1. The reporting framework for entities taking additional exposure beyond the limits prescribed at para 5.5.3.1 and 5.5.3.2 of above-mentioned SEBI Circular.
   1.2. Monitoring the positions of entities including the penalty/additional surveillance margin framework for entities breaching the position limits.
   1.3. Operationalizing position limit monitoring during the aforesaid glide path
   1.4. Details of appropriate measures to be taken by Stock Exchanges in case of repeated instances of position creation by entities beyond permissible limit for one day.

2. The reporting framework for entities taking additional exposure beyond the limits prescribed at para 5.5.3.2 of above-mentioned SEBI Circular.
   2.1. Aggregate long positions in index derivatives (long futures, long calls and short puts) shall not exceed (FutEq terms for Index options and gross notional terms for Index futures) the holding of cash and cash equivalent, government securities, T-Bills and similar instruments (excluding bank Guarantee).
   2.2. This reporting would be done by clearing members of the entity to clearing corporations. The details of the format and the medium through which reporting is to be done is as under:
      2.2.1. Format is as under:

				Value of Cash/Cash Equivalents*		
Trade Date	TM/CP Code	UCC Code	PAN	Index	Allocated Value	Total Reported value
				Index 1		
				Index 2		

*Holding of cash and cash equivalent, government securities, T-Bills and similar instruments (excluding Bank Guarantee). TM (i.e. for non-custodian client) / Custodian (i.e. for custodian client) may report cash/equivalent basis the visibility that the TM/Custodian has i.e. ledger balance, holding of G-Sec, liquid funds by clients through that Clearing member.

Till December 05, 2025, clearing members shall report on T+1 day by 12:00 noon on below provided email id

NCL - <<rpt-ncl@nsccl.co.in>>

ICCL-<<Collaterals@icclindia.com>>

2.2.2. Correctness of reporting data will be responsibility of the respective clearing/trading members. Clearing /Trading Members shall have to preserve/ maintain the supporting records/data w.r.t their reporting, which shall be subject to verification in future.

3. Following Index wise Futures Equivalent (FutEq/Delta) limits have been specified for Index Options and Index Futures.

3.1.1. Index wise Position Limits for Index Options

3.1.1.1. Net End of Day FutEq OI Limit shall be ₹1,500 crores. Net End of Day FutEq positions will be aggregated across all the contracts for a client at PAN level. The Total Net FutEq quantity will be multiplied by the current day's respective underlying Index Close Price to arrive at the Net FutEq position.

3.1.1.2. Gross End of Day FutEq OI Limit shall be ₹10,000 crores. (i.e. both long delta or short delta can be up to Rs. 10,000 cr. each). Gross End of Day FutEq positions will be calculated at the PAN level in respective Index Option contracts across all expiries will be grossed separately for long delta and short delta positions, as illustrated below. The Gross FutEq quantity will be multiplied by the current day's respective underlying Index Close Price to arrive at the Gross FutEq position

3.1.2. Index wise Position Limits for Index Futures

3.1.2.1. FPI Category I / Mutual Funds / Trading Member (Proprietary) / Client’s 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.

3.1.2.2. 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.500 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 futures contracts on a particular underlying index.

3.1.2.3. FPI Category II (individuals, family offices and corporates) position limit in all Index Futures contracts on a particular underlying index shall be Rs.500 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 Futures contracts on a particular underlying index.

3.1.2.4. Example of computation of positions for the aforesaid categories, shall be same as provided for FPI (I) category as per Circular MSE/SURV/16974/2025 dated April 03, 2025. Attached as Annexure 2.

3.1.3. **Additional Exposure:** W.r.t 3.1.1 & 3.1.2, entities shall be allowed to take additional exposure in equity Index derivatives subject to the following:

3.1.3.1. Aggregate short positions in index derivatives (short futures, short calls and long puts) shall not exceed (FutEq terms for Index options and gross notional terms for Index futures) the holding of stocks (Value of holding in ISINs other than GSec, Liquid funds and pure Debt funds).

3.1.3.2. Aggregate long positions in index derivatives (long futures, long calls and short puts) shall not exceed (FutEq terms for Index options and gross notional terms for Index futures) the holding of cash and cash equivalent, government securities, T-Bills and similar instruments (excluding bank guarantee)

3.1.4. For the purpose of monitoring of limits mentioned in points 3.1.2 above, market open interest of the respective index as on end of previous trading day shall be considered. The absolute value-based position limits (i.e. Rs 500 cr.) shall be calculated in quantity terms based on the previous day underlying Index close price. The quantities in the aforesaid calculation shall be rounded downwards in case of decimals.

4. Glidepath - Standard Operating Procedure for Future Equivalent (FutEq)(Delta) Position Limits Monitoring applicable from July 1, 2025, to December 5, 2025:

4.1. The Position Limits for Index Futures and Index Options would be calculated at Futures Equivalent (FutEq/Delta) limits at the end of each trading day as defined in the SEBI circular SEBI/HO/MRD/TPD-1/P/CIR/2025/79 dated May 29, 2025

4.2. In addition to the End of Day monitoring mechanism as stated above, the position limits, for equity index derivative contracts, would also be monitored on an intraday basis. However, there shall be no penalty for breaching of position limits on intraday basis and shall not be considered as violations.

4.3. Futures Equivalent of a contract (FutEq/Delta): The computation methodology for FutEq/Delta currently being used by Clearing Corporations shall be adopted. The formula used for such computations is provided hereunder:

4.3.1. FutEq/Delta of a call option contract is equal to N(d1)

4.3.2. FutEq/Delta of a put option contract is equal to N(d1) – 1

4.3.3. FutEq/Delta of a futures contract is equal to 1

4.3.4. The procedure for evaluating d1 in the context of option contract:

4.3.5. d1 = {ln(S/K) + (Rf + 0.5 * Vol_Annual ^2) * T} / (Vol_Annual * sqrt(T)) – **(Black & Scholes)**

4.3.6. where:

4.3.7. ln = natural log

4.3.8. S = Underlying close price

4.3.9. K = Strike Price

4.3.10. Rf = Risk-Free Interest Rate (Rf value is fixed at latest RBI Repo rate)

4.3.11. Vol Annual = Annualized Applicable Volatility (Higher of Underlying Annualised volatility & Futures Annualised Volatility)

4.3.12. T = Time to Expiry [Formula: (Expiry Date – T Date) / 365]

4.3.13. N(d1) is the cumulative probability distribution function.

4.4. The details of Futures Equivalent of a contract as at end of day is being provided as per NCL circular ref NCL/CMPT/68790 dated June 27,2025.

4.5. Exchange will compute the delta-adjusted positions separately for each index instrument—for both options and futures—and identify those PANs that exceed the prescribed end-of-day delta-based position limits or gross long/short FutEq OI limit.

4.5.1. Example for Net End of Day FutEq OI Limit & Gross End of Day FutEq OI Limit:

Contract	**Long Qty**	**Short Qty**	**Delta**	**Fut Eq. Qty**	**Current Day Underlying Close Price**	**Position Value (In Rs. Cr)**	**Limit (In Rs. Cr)**	**Violation**
SX40 CE OPTION 25000 JUN	200000		0.5	100000				
SX40 CE OPTION 24000 JUL		-600000	0.9	-540000				
SX40 PE OPTION 26500 AUG	500000		-0.5	-250000				
SX40 PE OPTION 27000 JUNE		-1950000	-0.7	1365000				
NET Delta				675000	25000	1688	1500	Yes
Gross LONG DELTA (Long CE+ Short PE)				1465000	25000	3663	10000	No
Gross SHORT DELTA (Long PE + Short CE)				-790000	25000	-1975	10000	No

4.6. PANs will be shortlisted if their short/long side position limit exceeds the delta-adjusted position by ₹1,500 crore or if their total gross short/long position surpasses ₹10,000 crore.

4.7. For all the short side breaches the list will then be shared with the respective depositories (NSDL and CDSL) to retrieve the portfolio holdings of the respective entities. The portfolio holding as on T+1 day (i.e. post settlement of T-day) shall be sourced from the depositories. Valuation of holdings will be based on the closing price of T Day and the value of holding of equity stocks (other than GSec, Liquid funds and Debt funds etc.) shall be considered.

4.8. On the T Day of the provisional violation, Exchanges will inform the respective trading member/clearing member and client (as per client's registered email ID as per the UCC database of the Exchange), via email w.r.t the breach of the above-mentioned delta-based position limits. This intimation shall be on provisional basis prior to cash & cash equivalent OR holding of stocks. The clients are required to bring their positions within the allowed limit by T+1 day EOD, after accounting for portfolio holdings (as received from the depositories) on short side and Cash and Cash equivalent (as per the aforesaid reporting in point 2.2) on Long side.

4.9. W.r.t clients exceeding the position limits thresholds, Exchanges shall share the client's position for the respective index along with the delta values of all contracts in which the client holds positions.

4.10. If the entity has long position beyond permissible limits then the cash & cash equivalent would be required to be intimated to Clearing Corporation by 12 noon next trading day (T+1) on email id as per point 2.2.1.

4.11. If the entity has short position beyond permissible limits after considering the security holding value of T day or long position beyond permissible limits after considering the cash / cash equivalent reported by 12 noon on T+1 day, the entity will have to bring down options positions within permissible limit (i.e.T+1 day position valued as per T+1 day delta - Underlying Index close price of T+1 day shall be considered for valuation of the position) by end of T+1, as per delta value of derivatives contracts as of end of T+1.

4.12. If entities don't have systems to compute same day delta, bringing end of day position on T+1 day within the permissible limit with T day market close data (i.e. T+1 day position valued as per T Day delta - Underlying Index close price of T Day shall be considered for valuation of the position) provided by Stock Exchange for various derivatives contracts, shall also be considered acceptable.

4.13. W.r.t clause 4.11 & 4.12 of this circular, on the next trading day i.e. T+1, if the entity fails to reduce the position within the permissible limit, as per any of the below methodology, Additional Surveillance Deposit as mentioned in para 6.2 of this circular shall be applicable.

4.14. In cases of breaches by a client in multiple index options, the benefit of demat holdings/Cash and Cash Equivalent will be allocated in a manner which results in lower aggregate ASD is applicable for the client.

4.15. In cases of breaches by a client beyond the prescribed limits, in options as well as futures, the benefit of demat holdings/Cash and Cash Equivalent shall be allocated firstly to Index options and balance to Index futures.

4.16. In the case of a settlement holiday, the Additional Surveillance Deposit (ASD) shall be calculated on T+2 day, upon completion of the settlement for trades executed on T Day. Note: No benefit of payout shortages shall be extended for portfolio holdings received from the depositories on T+1 basis.

4.17. In case an entity exceeds the limits prescribed w.r.t Index Futures, 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 holding in stocks/Cash and Cash Equivalent. The methodology of computation of the surplus position shall be same as provided for FPI (I) category as per Circular MSE/SURV/16974/2025 dated April 03, 2025. Attached Annexure 2.

4.18. In case of position breach on multiple limits:

4.18.1. Benefit of portfolio holdings will be provided for both Net short FutEq OI and Gross short FutEq OI.

4.18.2. Benefit of cash and cash equivalent will be provided for both Net Long FutEq OI and Gross Long FutEq OI.

4.18.3. Example is as under:

Clients	Net FutEq OI - In Rs crs. (A)	Gross Long FutEq OI - In Rs crs. (Long CE + Short PE) – (B)	Gross Short FutEq OI - In Rs crs (Long PE + Short CE) – (C)	Portfolio Holdings - In Rs crs.	Cash/Cash Equivalent - In Rs crs.	Violation (Yes/No)
Client 1	-1600	8500	10100	100	NA	No
Client 2	2500	11000	8500	NA	1000	No

4.19. In case of position violation on multiple or all of the limits (i.e. Net FutEq OI Limit: ₹1,500 crores OR long FutEq OI Limit Rs. 10,000 crores OR short FutEq OI Limit Rs. 10,000 crores), highest of the excess position w.r.t the aforesaid limits shall be considered for levy of ASD. However, in case the excess position is equal in multiple or all of the limits, the highest ASD w.r.t the aforesaid limits shall be applicable. The same has be illustrated below.

4.19.1. Scenarios post considering Holdings/Cash and Cash Equivalents:

Client	Net Delta- In Rs crs. (A)	Gross Long Delta - In Rs crs. (Long CE + Short PE) – (B)	Gross Short Delta - In Rs crs. (Long PE + Short CE) – (C)	Violation (Yes/No)	ASD applicability
Client 1	1450	10000	8550	No	No
Client 2	-1000	9000	10000	No	No
Client 3	-1600	8400	10000	Yes (A)	A
Client 4	1600	10000	8400	Yes (A)	A
Client 5	1400	11400	10000	Yes (B)	B
Client 6	-1400	10000	11400	Yes (C)	C
Client 7	2000	14000	12000	Yes (A, B & C)	B
Client 8	-100	15000	15100	Yes (B & C)	C
Client 9	1600	10100	8500	Yes (A & B)	Highest ASD of A or B
Client 10	-2000	8100	10100	Yes (A & C)	A

5. **Passive Breach (applicable for positions limits linked to market OI):** As Open Interest of both the participants and the market is dynamic and changing throughout the day and with a view to provide better clarity to the market participants in terms of their position limits, the following has been decided:

5.1. 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.

5.2. 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.

5.3. Such cases of passive breaches shall not be considered as violation.

5.4. The above is illustrated in the below table.

Date	**Position - A**	**Fixed limit (Rs in crs.) 500 - B**	**Market OI (previous day) (Rs in crs.)**	**Perc limit (15% of Prev Day OI) (Rs in crs.) - C**	**Final Limit (Higher of B & C) - D**	**Breach (Y/N)** **Y – If A > D**	**Passive Breach (Y/N)**	**REMARKS**
02-Jun-25	1300	500	10000	1500	1500	N	NA	
03-Jun-25	1300	500	8000	1200	1200	Y	Y	No penalty
04-Jun-25	1300	500	6000	900	900	Y	Y	No penalty
05-Jun-25	1300	500	8500	1275	1275	Y	Y	No penalty
06-Jun-25	1300	500	8600	1290	1290	Y	Y	No penalty
07-Jun-25	1301	500	8000	1200	1200	Y	N	Penalty applicable. TM/Client position increased, Market OI has reduced
08-Jun-25	1199	500	7980	1197	1197	Y	N	Penalty applicable. TM was in breach on 07-Jun-25, and penalty was levied. Accordingly, TM/Client has to be< = the applicable Final OI limit – i.e.1197
09-Jun-25	1198	500	8000	1200	1200	N	N	No penalty

6. Monitoring the positions of entities - Penalty/additional surveillance margin framework for entities breaching the position limits.

6.1. For the breach of position limits linked to % of market OI, Members are hereby informed that, in order to have a standard penalty structure across the Exchanges, the following penalty structure will be levied on monthly basis as per the slabs mentioned below:

Instances of Position Limit violations	Monetary Penalty to be levied
1st instance	No penalty
2nd to 5th instance	Rs.5,000/- per instance from 2nd to 5th instance
6th to 10th instance	Rs.20,000/- (for 2nd to 5th instance) + Rs.10000/- per instance from 6th to 10th instance
11th instance onwards	Rs 70,000 (From 2nd-10th instance) + Rs 1,000 * Cumulative no. of Instances from 11th Instance onwards (i.e. Rs 11,000 for 11th Instance, Rs 12,000 for 12th Instance and so on). Additionally, the member will be referred to the Member Committee for suitable action.

6.2. **Additional Surveillance Deposit (ASD) computation & methodology for options limit violation as prescribed in point 5.5.1.1 of aforesaid SEBI circular:** The positions in Options Contract will be monitored and Additional Surveillance Deposit (ASD) will be levied as per existing methodology detailed below.

6.2.1. As per current methodology, for breach of position limit on EOD positions, ASD will be levied on T+2 day after giving benefit of demat holdings (received from depositories) / cash and cash equivalents on T+1 day.

6.2.1.1. The computation methodology of ASD shall remain same as per clause 2.2.7.1 and 2.2.7.2 of Circular MSE/SURV/16974/2025 dated April 03, 2025, as under:

6.2.1.2. 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.

6.2.1.3. 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. Accordingly, ASD is aggregate of such adjusted margin across all contracts.

6.2.1.4. Further in a scenario where the position value continues to be in excess of new positions limits (5.5.1.1. of SEBI circular), 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.

6.2.1.5. Such ASD would be blocked for a period of 1 month.

6.2.1.6. ASD shall be accepted in Cash and FD (lien marked in favour of Exchange).

7. Details of appropriate measures to be taken by Stock Exchanges in case of repeated instances of position creation by entities beyond permissible limit for one day.

7.1. It is emphasized that the provision of one day to reduce the position beyond permissible limit is only with the intention to provide time to implement delta monitoring system by entities / trading members who wish to take positions close to or beyond permissible limit.

7.2. Stock Exchanges shall report the instances of entities repeatedly taking excess position for a day in fortnightly surveillance meeting with SEBI to ensure that the instant glide path is not misused by any entity to take large overnight positions beyond permissible limit.

Annexure 2

Example for FPI Category I/ FPI Category II/ Trading Member (Proprietary)/ Clients 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 Short (F)	Underlying Close Price (G)	Value of Sentimental Long excess OI (E*G)	Value of Sentimental Short excess OI (F*G)
Index Futures	SX40 Fut Jan 2025	100	0	**100**	300	210	Yes	G0	0.30	30	Long	30	30	60	23155	6G4650	138G300
	SX40 Fut Feb 2025	0	200	**-200**						-60	Short	-60					
													Total Value			6G4650	138G300
													Reported Cash Holdings for long excess OI			600000	N.A.
													Reported Stock Holdings for short excess OI			N.A.	1500000
													Long Violations in Rs.			G4650	
													Short Violations in Rs.				0.00