

CIRCULAR

SEBI/HO/MRD/TPD-1/P/CIR/2025/41

March 28, 2025

To
All Stock Exchanges
All Clearing Corporations
(Except Commodity Derivatives Exchanges and Clearing Corporations)

Dear Sir/ Madam,

Subject: Intraday Monitoring of Position Limits for Index Derivatives

1. Clause 1.3.4 of SEBI Master Circular dated December 30, 2024 for Stock Exchanges and Clearing Corporations stipulates the following with regard to Intraday Monitoring of Position Limits for Index Derivatives:

1.3.4 Intraday monitoring of position limits

1.3.4.1 *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 from April 01, 2025.*

1.3.4.2 *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.*

1.3.4.3 *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.*

2. With regard to the aforesaid, Industry Associations (ANMI, BBF and CPAI) have raised concerns pertaining to the readiness of systems at the end of stock brokers and their clients to monitor existing position limits intraday for index derivatives. Further, the concern of industry associations has also been that the market ecosystem is in the process of putting in place necessary systems keeping in mind the proposed delta based or futures equivalent limits for index derivatives as stated in the SEBI consultation paper dated February 24, 2025. Accordingly, in the interim, implementing systems for existing position limits that are based on notional activity of client / trading member could put additional strain on the market participants. Further, in the said

consultation paper, higher intraday limits are proposed compared to end of day limits which is not the case with existing limits. Thus, systems developed based on the existing parameters may become obsolete once the proposals contained in the consultation paper attains finality and are implemented.

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.
4. This circular is being issued in exercise of powers conferred under Section 11(1) read with Section 11(2)(a) of the SEBI Act, 1992, read with Regulation 51 of SECC Regulations, 2018, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.
5. This Circular is available on SEBI website at www.sebi.gov.in under the categories “Legal Framework” and “Circulars”.

Yours faithfully,

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