



Consultation Paper: Review of existing position limits for Trading Members in Equity Derivatives Segment

1. Objective:

- 1.1. SEBI, vide circular dated May 29, 2025, stipulated the client / entity level position limits for index options in terms of Futures Equivalent (FutEq) value of options contracts. The Trading Members (TMs) limits for index options, last stipulated vide circular dated October 15, 2024, are based on the notional value of the options contracts. As monitoring of position limits of TMs require aggregating the positions of clients of TMs, there is at present non-alignment in metric of positions measurement at client level and that at TM level.
- 1.2. This consultation paper seeks feedback with regard to calculation and alignment of the existing TM position limits in terms of FutEq metric.

2. Background

- 2.1. Pursuant to SEBI circular dated May 29, 2025, the position limits for index futures and options (F&O) have been revised from notional contract value to FutEq / Delta adjusted metric. The client level position limits in each of the index options has been specified as INR 1,500 Cr on net FutEq basis, or INR 10,000 Cr on gross long FutEq/ gross short FutEq (This limit is separate for each index). For options, the delta based limits have advantage over notional limits in that it provides for a better metric of risk for open options positions given the price sensitivity of delta positions. Further, FutEq Open Interest (OI) of options becomes additive with OI of futures.
- 2.2. The position limit for the TMs (separately for index futures and index options) are stipulated as higher of INR 7,500 crore or 15% of the total OI for futures / options. The utilization of the aforesaid limit is computed in notional terms. References have been made to SEBI to stipulate the TM position limits at delta level which would align the metric of measurement both at client and TM level.
- 2.3. While the absolute limit mentioned above gives room for TMs to create positions in case OI in an index derivatives product is less, there is a need to strengthen such formulation for position limit from the market integrity perspective. For index derivatives products with less OI, the absolute limit of INR 7,500 cr. could result in a single TM capturing a significant proportion of



OI in the index. Hence, a slab based absolute limit structure may be required to effectively account for the diverse levels of market activity and liquidity.

3. Regulatory Objective:

- 3.1. To align the metric of position limit for TMs to that specified for the clients i.e. FutEq or Delta
- 3.2. To augment such limit with an absolute limit keeping in mind the OI level in different indices
- 3.3. To enable TMs to compute their own FutEq positions intraday so that during market hours they can take suitable action if their utilization approaches or crosses TM level proposed limits

4. Proposals:

Keeping in mind the aforesaid objectives, a draft circular with the formulation of proposed TM limits for index options has been prepared.

5. Invitation for Public Comments

- 1.1. Public comments are invited on the proposals outlined in the Draft Circular at **Annexure 1**. The comments/ suggestions should be submitted latest by **December 26, 2025**, through the online web-based form which can be accessed using the following link:
<https://www.sebi.gov.in/sebiweb/publiccommentv2/PublicCommentAction.do?doPublicComments=yes>
- 1.2. In case of any technical issue in submitting your comment(s) through the web based public comments form, you may email your comment(s) to mrd_tpd@sebi.gov.in. While sending the email, kindly mention the subject as "Consultation Paper on Review of existing position limits for Trading Members in Equity Derivatives Segment"

Issued on: **December 04, 2025**



Draft Circular

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

MM DD, 2025

To

All Stock Exchanges

All Clearing Corporations

(Except Commodity Derivatives Exchanges and Clearing Corporations)

Sir/Madam,

**Review of existing position limits for Trading Members in Equity
Derivatives Segment**

1. Para 1.3.2.3.1 and para 2.3.2.3 of Chapter 5 of the Master Circular for Stock Exchanges and Clearing Corporations, dated December 30, 2024, specify the overall position limit at the Trading member (TM) level (proprietary + client) to be higher of INR 7,500 crores or 15% of the total Open Interest (OI) for index derivatives. This position limit is separately applicable for all open positions on futures and options contracts, for a particular underlying index.
2. Pursuant to [SEBI circular dated May 29, 2025](#), the position limits for index futures and options have been revised from notional contract value to Future Equivalent (FutEq) metric. References have been received by SEBI to stipulate the TM position limits at delta level which would align the metric of measurement both at client and TM level.
3. Accordingly, based on the feedback received from market participants, the deliberations with the Secondary Market Advisory Committee (SMAC) and further discussions with Stock Exchanges and Clearing Corporations, the following has been decided with regard to position limits for TMs in Equity index derivatives :

3.1. For Index Futures:

- 3.1.1. For Index futures, the notional OI is same as FutEq OI as delta for futures positions is 1. Hence, no changes are proposed in the OI limits of futures i.e. Rs. 7,500 crores or 15% of open interest, whichever is higher for TMs.



3.2. For Index Options:

- 3.2.1. The Contract-Client Level notional aggregation of OI to compute the positions utilized by TMs may be changed to aggregation of FutEq OI. The limit shall be 15% of market wide FutEq OI instead of 15% of notional OI.
- 3.2.2. In addition to the above, to facilitate creation of positions in case market wide OI is less, TM shall have OI limits based on the stab structure as mentioned in Table-1 below. The limit applicable to a TM for index options shall be higher of two thresholds, viz. 15% of market wide FutEq OI in options segment and the absolute limit as mentioned below.

Table-1

Sr.	Average Daily Future Equivalent OI (INR Cr) in current quarter	Limit for next quarter (INR Cr)
1	0 – 10,000	2,000
2	10,001 – 30,000	6,000
3	30,001 – 50,000	10,000
4	Above 50,000	12,000

3.3. Monitoring by TMs:

- 3.3.1. For the purpose of monitoring of positions utilized by TMs, Stock Exchanges would provide the market wide OI for futures and options (FutEq) of each of the traded index at the end of the day. This would indicate the TM level limit for the next day. The market wide OI for T day would be the reference for position limits on T+1 day. (This is in line with clause 1.3.5 of Chapter 5 of the Master Circular for Stock Exchanges and Clearing Corporations, dated December 30, 2024).
- 3.3.2. During a trading day, Clearing Corporations would provide delta of the options contracts along with the SPAN file, for TMs to compute the FutEq open positions for options contracts of its clients.
- 3.3.3. The TMs will continue to comply with the mentioned position limits on end of day basis.
- 3.3.4. Stock Exchanges / Clearing Corporations would formulate and publish an SOP in this regard within 60 days of the circular.



3.4. No other changes are envisaged in the Para 1.3.2.3, 1.3.2.5 and para 2.3.2.3 of Chapter 5 of the Master Circular for Stock Exchanges and Clearing Corporations, dated December 30, 2024, and SEBI circular dated Oct 15, 2024 on *Monitoring of Position limits for equity derivative segment*.

4. The circular would become effective from DD MM YY.
5. This circular is being issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

Yours faithfully,
