

Updates to November 2005 Edition of Derivatives Market (Dealers) Module Workbook

Sr. No.	Page No.	Reference	Read as `....`	Instead of `...`
1	92	7.5.1 Trading member position limits (point 1)	The trading member position limits in equity index option contracts is higher of Rs. 500 crore or	The trading member position limits in equity index option contracts is higher of Rs. 250 crore or
2	92	7.5.1 Trading member position limits (point 2)	The trading member position limits in equity index futures contracts is higher of Rs. 500 crore or	The trading member position limits in equity index futures contracts is higher of Rs. 250 crore or
3	92	7.5.3 Market wide position limits	The market wide limit of open position (in terms of the number of underlying plus stock) on futures and option contracts on a particular underlying stock is 20% of the number of shares held by non-promoters in the relevant underlying security i.e. free-float holding.	The market wide limit of open position (in terms of the number of underlying plus stock) on futures and option contracts on a particular underlying stock should be lower of 30 times security i.e. free-float holding'.
4	93	7.5.4 FII and sub-account position limits (point 1)	The FII position limit in all index options contracts on a particular underlying index is Rs. 500 crore or	The FII position limit in all index options contracts on a particular underlying index is Rs. 250 crore or
5	94	7.5.5 Position limits for mutual funds (point 1a)	The mutual fund position limit in all index options contracts shall be Rs. 500 crore or	The mutual fund position limit in all index options contracts shall be Rs. 250 crore or
6	94	7.5.5 Position limits for mutual funds (point 2a)	The mutual fund position limit in all index futures contracts shall be Rs. 500 crore or	The mutual fund position limit in all index futures contracts shall be Rs. 250 crore or
7	101	7.9.1 Securities Transaction tax on derivatives transactions	The rate of tax applicable on derivatives transactions has been revised to 0.017% by Finance Act, 2006.	The rate of tax applicable on derivatives transactions has been revised to 0.0133% by Finance Act, 2005.
8	69	5.5 Charges	The trading members contribute to Investor Protection Fund of F&O segment at the rate of Re. 1/- per Rs. 100 crores of the traded value (each side).	The trading members contribute to Investor Protection Fund of F&O segment at the rate of Rs. 10 per crore of the turnover (0.0001%).
9	24	3.5 Futures terminology > Contract size	The amount of asset that has to be delivered under one contract. For instance, the contract size on NSE's futures market is 50 Nifties (w.e.f. February 23, 2007)	The amount of asset that has to be delivered under one contract. For instance, the contract size on NSE's futures market is 200 Nifties.

Additional Reading

Sr. No.	Reference	Remarks
1	Circular Download No.: NSE/FAOP/7143 dated February 7, 2006 available on NSE's website: nseindia.com under Home > Press Room > Circulars > Archives > Futures & Options - 2006	On page number 69 of the Workbook, after sub-section 5.4.2, kindly refer to said circular.

2	Circular Download No.: NSE/CMPT/7908 dated September 22, 2006 available on NSE's website: nseindia.com under Home > Press Room > Circulars > Archives > Futures & Options - 2006	On page number 92 of the Workbook, sub-section 7.5 Position Limits, kindly refer to said circular.
3	Circular Download No.: NSE/CMPT/8498 dated February 9, 2007 available on NSE's website: nseindia.com under Home > Press Room > Circulars > Archives > Futures & Options - 2007	On page number 92 of the Workbook, after sub-section 7.5.1, kindly refer to the following: Futures and Option contracts on individual securities: (1) For stocks having applicable market-wide position limit (MWPL) of Rs. 500 crores or more, the combined futures and options position limit shall be 20% of applicable MWPL or Rs. 300 crores, whichever is lower and within which stock futures position cannot exceed 10% of applicable MWPL or Rs. 150 crores, whichever is lower. (2) For stocks having applicable market-wide position limit (MWPL) less than Rs. 500 crores, the combined futures and options position limit would be 20% of applicable MWPL and futures position cannot exceed 20% of applicable MWPL or Rs. 50 crores which ever is lower. The Clearing Corporation shall specify the trading member-wise position limits on the last trading day of the month which shall be reckoned for this purpose during the next month.
4	Circular Download No.: NSE/CMPT/8498 dated February 9, 2007 available on NSE's website: nseindia.com under Home > Press Room > Circulars > Archives > Futures & Options - 2007	On page number 94 of the Workbook, sub-section 7.5.5 after sub-point no. 2, kindly refer to the following: FII and MF Position limits on individual securities (1) For stocks having applicable market-wide position limit (MWPL) of Rs. 500 crores or more, the combined futures and options position limit shall be 20% of applicable MWPL or Rs. 300 crores, whichever is lower and within which stock futures position cannot exceed 10% of applicable MWPL or Rs. 150 crores, whichever is lower. (2) For stocks having applicable market-wide position limit (MWPL) less than Rs. 500 crores, the combined futures and options position limit shall be 20% of applicable MWPL and stock futures position cannot exceed 20% of applicable MWPL or Rs. 50 crores which ever is lower.
5	Circular Download No.: NSE/FAOP/9128 dated July 6, 2007 available on NSE's website: nseindia.com under Home > Press Room > Circulars	On page number 67 of the Workbook, Table 5.8 Generation of strikes for Nifty options, kindly refer to the following revision in scheme of strikes in Index Options: (i) For Index Level Upto 2000, the revised strike interval is 25 and the revised number of strikes (ITM-ATM-OTM) is 4-1-4 (ii) For Index Level 2001 to 4000, the revised strike interval is 50 and the revised number of strikes (ITM-ATM-OTM) is 4-1-4 (iii) For Index Level 4001 to 6000, the revised strike interval is 50 and the revised number of strikes (ITM-ATM-OTM) is 5-1-5 (iv) For Index Level above 6000, the revised strike interval is 50 and the revised number of strikes (ITM-ATM-OTM) is 6-1-6. In pursuance to the above, with effect from August 31, 2007 all the contracts generated in index options shall follow the above strike parameter scheme. On implementation, contract months September 2007 and October 2007 will have both the existing strikes with interval of 10 along with the new strikes having interval as per the new scheme. For the contract month from November 2007 onwards, contracts would exist only with an interval as per the new scheme.