

National Stock Exchange Of India Limited

Department : CURRENCY DERIVATIVES SEGMENT

Download Ref No: NSE/CD/40653

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All Members,

Introduction of trading on Interest Rate Options

Exchange is pleased to inform members that with reference to approval received from SEBI and RBI, Interest Rate Options shall be made available for trading in Currency Derivatives segment.

The contract specifications of the above options contracts is given in Annexure.

Eligibility: All members eligible to participate in interest rate futures would be eligible to participate in interest rate options in the Currency Derivatives segment.

The launch date will be communicated through separate circular subsequently.

For and on behalf of
National Stock Exchange of India Limited

Khushal Shah
Associate Vice President

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Annexure

Contract Specifications for Interest Rate Options

Instrument Name	Interest Rate Options
Underlying	Government of India Security
Symbol	The symbol shall denote coupon, type of bond and Maturity Year. This will be same as the symbol used for the Interest rate futures contract on the respective Government of India securities. <i>The list of symbols available at the time of launch will be communicated through separate circular</i>
Option Type	Premium style European Call & Put Options
Market type	N
Instrument type	OPTIRC
Contract Size	Rs. 2 lakhs face value of GOI securities equivalent to 2000 units. Members shall place orders in terms of number of lots.
Quotation	The premium for options contract shall be quoted in Indian Rupees.
Tick size	Rs. 0.0025
Contract cycle	Three Serial monthly contracts followed by three quarterly contracts of the cycle March/June/September/December.
Strike Price Intervals	Rs. 0.25
No. of Strikes	Minimum Eight in-the-money, Eight out-of the-money and one near-the-money strikes shall be provided for all available contracts.
Price Operating Range	The price bands for options shall be based on the delta of the options contract and calculated using the previous close price of the underlying and volatility. The price band so computed shall be subject to a minimum operating range which would be applicable for all contracts. The bands shall be computed for each options contract on a daily basis and shall be applicable from the next trading day.
Normal Trading Hours	9.00 am to 5.00 pm (Monday to Friday) The trading hours shall be aligned with that of underlying market in case of change of trading hours of underlying NDS-OM platform.
Trade modification / Trade Cancellation request / Give-up Approval of custodian trades	9.00 am to 5.30 pm (Monday to Friday)
Quantity freeze	Quantity Freeze for OPTIRC contracts shall be 1251 lots or greater i.e. orders having quantity up to 1250 lots shall be allowed.
Base price	Theoretical price on the 1st day of the contract. On all other days, daily settlement price of the contract
Last trading day	Last Thursday of the month. In case the last Thursday is a trading holiday, the previous trading day shall be the expiry/last trading day
Final settlement price	Volume weighted average price of the underlying bond based on the prices during the last two hours of the trading on NDS-OM. If less than 5 trades are executed in the underlying bond during the last two hours of trading, then FBIL price shall be used for final settlement
Daily settlement	Daily premium settlement on T+1 in cash
Final settlement	Exercise settlement on T+1 day in cash based on final settlement price