



NATIONAL SECURITIES CLEARING CORPORATION LIMITED

DEPARTMENT : FUTURES & OPTIONS SEGMENT

Download Ref No : NSE/CMPT/25043

Date : November 19, 2013

Circular Ref. No : 1630/2013

To
All Members

Cross Margining on Exchange Traded Funds (ETFs)

This is in partial modification to item no 9 of circular no NSE/CMPT/21163 dated July 02, 2012. In order to facilitate efficient use of margin capital by market participants, it has been decided to extend cross margining facility to ETFs based on equity index.

The positions of clients in both the Capital market and F&O segments to the extent they offset each other shall be considered for the purpose of cross margining as per the following priority.

- a. Index futures and constituent stock futures in F&O segment
- b. Index futures and constituent stock positions in Capital market segment
- c. ETF and constituent stock futures in F&O segment
- d. ETF and constituent stock positions in Capital market segment
- e. Index futures and ETF in Capital market segment
- f. Stock futures and constituent stock positions in Capital market segment

The salient features of the Cross Margining on ETFs are as follows

- Cross margining shall be available to all categories of market participants.
- Existing clients registered for cross margining facility shall be made eligible to avail cross margin facility on ETFs.
- In order to avail the cross margin benefit as per (c) and (d) above, the constituents and the number of units of the constituent stocks/ stock futures required in the basket to be considered as a complete replica of the ETF shall be the same as that of the respective underlying Index specified by the clearing corporation on the website of the Exchange www.nseindia.com from time to time.
- The positions in ETFs and constituent stocks shall be in the same settlement number to be eligible for cross margining benefit.

- In the event of a suspension on creation / redemption of the ETF units, the cross-margining benefit shall be withdrawn.
- ETFs eligible and minimum quantity required for each ETF to avail cross margin facility is attached as annexure 1. The quantity of ETF units shall be in multiple thereon.
- Clearing corporation may revise the list of eligible ETFs and minimum quantity required from time to time.

Please note that all other features in existing mechanism of Cross Margin facility shall remain unchanged.

This circular shall be effective from trade date November 21, 2013.

Yours Sincerely,
For National Securities Clearing Corporation Ltd.

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Annexure 1

List of Eligible ETFs

Symbol	Scheme Name	Minimum Quantity required (in multiple thereon)
NIFTYBEES	Goldman Sachs Nifty Exchange Traded Scheme	500
JUNIORBEES	Goldman Sachs Nifty Junior Exchange Traded Scheme	100
IIFLNIFTY	IIFL Mutual Fund - IIFL NIFTY ETF	500