

**NATIONAL STOCK EXCHANGE OF INDIA LIMITED****DEPARTMENT : FUTURES & OPTIONS**

Download Ref No : NSE/FAOP/33839

Date : December 19, 2016

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All NSE Members

**Introduction of Futures and Options Contracts on Nifty CPSE Index**

Exchange is pleased to inform members that with reference to SEBI circular SEBI/DNPD/CIR-26/2004/07/16 dated July 16, 2004 and subsequent approval received from SEBI, Futures and Options contracts on Nifty CPSE Index shall be made available for trading in the F&O segment with effect from **December 30, 2016**.

The relevant information about the above underlying indices is given as below:

Annexure 1: Index Information

Annexure 2: Contract Specification

Members are requested to take the latest contract.gz and spd\_contract.gz, files from NSE EXTRANET, directory:/faoftp/faocommon before commencing trading in the above mentioned new contracts on December 30, 2016. The files would be available on above mentioned extranet path on December 29, 2016 after market hours.

Members are requested to take note of the above.

**For and on behalf of  
National Stock Exchange of India Limited**

**Abhijeet Sontakke  
Senior Manager**

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## Annexure 1

### Index Information

#### Nifty CPSE INDEX

Nifty CPSE Index tracks the performance of select 10 Central Public Sector Enterprises (CPSE). The index has a base date of Jan 01, 2009 and base value of 1000. Nifty CPSE Index includes companies that have more than 55% government holding (stake via Govt. Of India or President of India) under promoters category. One of the largest Indian equity ETFs tracks Nifty CPSE Index.

#### **Methodology:**

The index is calculated using free-float market capitalization method, wherein the weights of constituents are capped at 25% at the time of rebalancing.

#### **1. Composition of the Nifty CPSE Index as on November 30, 2016**

Sr. No	Company	Symbol	Free float-Market Cap (Rs. Crs)	Weight (%)
1	Bharat Electronics Ltd.	BEL	8,634	4.58
2	Coal India Ltd.	COALINDIA	38,985	20.66
3	Container Corporation of India Ltd.	CONCOR	9,809	5.20
4	Engineers India Ltd.	ENGINEERSIN	4,045	2.14
5	GAIL (India) Ltd.	GAIL	19,935	10.57
6	Indian Oil Corporation Ltd.	IOC	31,275	16.58
7	Oil & Natural Gas Corporation Ltd.	ONGC	48,304	25.60
8	Oil India Ltd.	OIL	5,798	3.07
9	Power Finance Corporation Ltd.	PFC	11,338	6.01
10	Rural Electrification Corporation Ltd.	RECLTD	10,544	5.59

#### **2. Basic Information:**

1	Name of the Index	Nifty CPSE
2	Base Year	01-Jan-2009
3	Base Value	1000
4	Number of Securities in Index	10
5	Index Construction	Periodic Capped Free Float
6	Market Coverage (free float market capitalization of index as percentage of total market capitalization)	3.95% as on November 30, 2016
7	Volume coverage (volume of index as percentage of total market volume)	2.67% as on November 30, 2016
8	Turnover Coverage (Turnover of Index as percentage of total market turnover)	3.18% as on November 30, 2016
9	Index Dissemination frequency	Online
10	Index Provider	India Index Services and Products Limited (IISL)
11	52 week high/low	2429.4 / 1703.7 as on November 30,2016

### 3. Nifty CPSE v/s Nifty 50

Particulars (As on November 30, 2016)	Nifty CPSE	Nifty 50 Index
Average Daily Market Cap (in Rs Cr) (December 01, 2015 to November 30, 2016)	161088	2931587
P/E Ratio	11.48	21.61
Price to Book Ratio	2.01	3.12
Dividend Yield %	4.02	1.34
Volatility (of Daily Returns) (December 01, 2015 to November 30, 2016)	1.20	0.95

### 4. Correlation between Nifty CPSE Index and Nifty 50

Period	Correlation
Jan 2012 - Dec 2012	0.73
Jan 2013 - Dec 2013	0.77
Jan 2014 - Dec 2014	0.74
Jan 2015 - Dec 2015	0.78
Jan 2016 - November 30, 2016	0.73

### 5. Beta value of Nifty CPSE Index in comparison to Nifty 50

(For the period December 31, 2015 to November 30, 2016)

Sr. No.	Index	Beta
1	Nifty CPSE	0.919

### 6. Volatility of Nifty CPSE Index vis-à-vis Nifty 50

Period	Nifty CPSE%	Nifty 50
Jan 2012 - Dec 2012	1.00	0.95
Jan 2013 - Dec 2013	1.34	1.13
Jan 2014 - Dec 2014	1.59	0.80
Jan 2015 - Dec 2015	1.24	1.02
Jan 2016 - November 30, 2016	1.22	0.97

(Standard deviation of daily returns)

### 7. Returns of Nifty CPSE Index vis-à-vis Nifty 50

Period	Nifty CPSE (%)	Nifty 50 (%)
Jan 2012 - Dec 2012	11.32	27.70
Jan 2013 - Dec 2013	-6.13	6.76
Jan 2014 - Dec 2014	39.99	31.39
Jan 2015 - Dec 2015	-17.03	-4.06
Jan 2016 - November 30, 2016	13.55	3.50

## Annexure 2

### Contract Specification

#### Index Derivatives Contract Specifications

Nifty CPSE Index Derivatives		
Parameter	Index Futures	Index Options
Underlying	Nifty CPSE Index	
Security Descriptor:		
Instrument	FUTIDX	OPTIDX
Symbol	NIFTYCPSE	
Option Type	-	CE / PE
Strike Price	-	ITM / ATM / OTM
No of Strikes		6 - 1 - 6
Trading Cycle	<ul style="list-style-type: none"> <li>• 3 serial monthly futures and options contracts</li> <li>• 7 serial weekly options contracts (excluding monthly expiry)</li> </ul>	
Expiry Day	<ul style="list-style-type: none"> <li>• Monthly - Last Thursday of the expiry month. If the last Thursday is a trading holiday, then the expiry day is the previous trading day.</li> <li>• Weekly – Thursday of the expiry week. If Thursday is a trading holiday, then the expiry day is the previous trading day.</li> </ul>	
Strike Price Intervals	-	25
Permitted Lot Size	Rs.5 lakhs	
Price Steps	Rs.0.05	Rs.0.05
Price Bands	Operating range of 10% of the base price	A contract specific price range based on its delta value is computed and updated on a daily basis
Spread Order Book	Futures Spread order contracts will be available for M1-M2, M2-M3 and M1-M3 expiries.	
Daily Settlement Price (MTM)	Last half hour VWAP of futures. In the absence of trading in the last half an hour, the theoretical price would be considered.	
Final Settlement Price (FSP)	Closing index value published by IISL on expiry day.	
Quantity Freeze	15000	