

Approval of revision to penalty structure and additional margins levied for Position Limit Violations in Futures and Options segment

The Board noted the framework recommended by Risk Management Committee to mitigate the risk of concentration from members on account of concentrated positions held by a trading member in underlying stocks/indices and approved the below framework in Futures and Options segment for end of day position limit violations by trading members in underlying stocks/indices.

1. *Penalties:*

For levy of slab-wise instance based penalty, the count of position limit violation instances by a trading member across underlying stocks/indices in a calendar quarter shall be considered instead of calendar month. The slab-wise penalty may be revised as follows:

Instances of Position Limit violations	Proposed Monetary Penalty to be levied (calendar quarter)
1 st instance	Rs.5,000/-
2 nd to 5 th instance	Rs.20,000/- per instance from 2 nd to 5 th instance
6 th to 10 th instance	Rs.50,000/- per instance from 6 th to 10 th instance
11 th instance onwards	Rs.1,00,000/- per instance from 11 th instance onwards Additionally, the member will be referred to the Disciplinary Action Committee for suitable action.

2. *Additional Margin:*

Additional margin shall be applicable from the first instance of position limit violation by a trading member in underlying stock/index. Further the count of violation instances in a calendar quarter shall be considered instead of calendar month. The levy of additional margin may be revised as follows:

Proposed Additional Margins to be levied (calendar quarter)	
▪ Additional margin shall be based on slab-wise percentage breach of applicable position limits.	
Breach as a % of Limit	% of Additional Margins
100% to less than 110%	5%
110% to less than 125%	10%
125% to less than 150%	15%
150% and above	20%

Proposed Additional Margins to be levied (calendar quarter)
<ul style="list-style-type: none"> ▪ The additional margin percentage shall be levied on (Value of underlying price x Position quantity in breach). ▪ Levy of additional margin shall be applicable from the first instance of violation in a calendar quarter. ▪ The additional margin applicable shall be computed only at end of day and blocked from the proprietary collateral of the Clearing member on T+1 day (before start of market hours). The additional margins levied shall be released only at end of day if the positions are below the applicable limits.

3. *Number of instances:*

The number of instances for the purpose of levy of penalties and additional margin shall be considered for a Trading member across all underlyings instead of each Trading Member-Underlying combination.