भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

CIRCULAR

CIR/MRD/DP/14/2015 July 13, 2015

To

All Stock exchanges.

Dear Sir / Madam,

Sub: Review of minimum contract size in equity derivatives segment

At present, the minimum contract size in equity derivatives segment is Rs. 2 lakhs. The requirement was recently reviewed and it has been decided to increase the minimum contract size in equity derivatives segment to Rs. 5 lakhs.

2. Accordingly, the framework for determination of lot size for derivatives contracts specified vide SEBI circular dated January 08, 2010 is modified as under:

(i) The lot size for derivatives contracts in equity derivatives segment shall be fixed in such a manner that the contract value of the derivative on the day of review is within Rs. 5 lakhs and Rs. 10 lakhs.

(ii) For stock derivatives, the lot size (in units of underlying) shall be fixed as a multiple of 25, provided the lot size is not less than 50. However, if the contract value of the stock derivatives at the minimum lot size of 50 is greater than Rs. 10 lakhs, then lot size shall be fixed as a multiple of 5, provided the lot size is not less than 10.

(iii) For index derivatives, the lot size (in units of underlying) shall be fixed as a multiple of 5, provided the lot size is not less than 10.

3. The stock exchanges shall jointly ensure that the lot size is same for an underlying traded across exchanges.

4. The stock exchanges shall review the lot size once in every 6 months based on the average of the closing price of the underlying for last one month and wherever warranted, revise the lot size by giving an advance notice of at least 2 weeks to the market. If the revised lot size is higher than the existing one, it will be effective for only new contracts. In case of corporate action, the revision in lot size of existing contracts shall be carried out as per SEBI circular SMDRP/DC/CIR-15/02 dated December 18, 2002.

5. The aforesaid provisions shall be made effective from the next trading day after expiry of October 2015 contracts.

6. This Circular supersedes SEBI circular SEBI/DNPD/Cir-50/2010 dated January 08, 2010.

7. Stock exchanges are directed to:

   a) take necessary steps to put in place systems for implementation of this circular, including necessary amendments to the relevant bye-laws, rules and regulations.

   b) bring the provisions of this circular to the notice of the stock brokers and also disseminate the same on their website;

   c) communicate to SEBI the status of implementation of the provisions of this circular.

8. This circular is being issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

Yours faithfully,

Manoj Kumar
General Manager
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