

National Stock Exchange of India Limited

Circular

Department: FUTURES & OPTIONS SEGMENT	
Download Ref No: NSE/FAOP/53229	Date: August 05, 2022
Circular Ref. No: 85/2022	

All Members,

Pre-Trade risk controls

Flexing of Operating range applicable to the options contracts

In continuation to Exchange circular no. 52806 dated June 30, 2022 and 53091 dated July 26, 2022; and in partial modification to Item no. 1.4 of Part B in Exchange consolidated circular no. 44482 dated May 27, 2020, when the last trade price of an option contract crosses 90% (trigger point) of the prevailing operating range on either side of the base price, OPR shall be flexed automatically in the corresponding direction by a certain quantum.

Members are requested to take a note of following w.r.t. Option OPR flexing at the contract level,

Index Options:

- OPR flexing shall be applicable to ATM & all the OTM strikes determined based on prevailing underlying price
- OPR flexing shall be applicable to ITM strikes that are up to 1% away from the prevailing underlying price
- OPR flexing shall NOT be applicable to ITM strikes that are more than 1 % away from the prevailing underlying price

Stock Options:

- OPR flexing shall be applicable to all the Stock option contracts irrespective of their moneyness

Exchange is introducing additional criteria to be fulfilled for flexing of contract level OPR of applicable Index & Stock option contracts as mentioned above,

- Contract level OPR shall be flexed only when a minimum of 5 trades occurs at prices above the trigger point of the prevailing OPR, involving minimum 5 unique UCCs on each side of such trades

This process shall be repeated throughout the trading hours as the contracts prices move.

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All other provisions except for the aforesaid, shall remain unchanged.

The Exchange may review the mechanism and various aforesaid applicable parameters like minimum Trade count, minimum UCC count, % for consideration of ITM strikes, etc., from time to time based on the experience gained and inputs received from market participants / regulator.

Members are requested to note that the aforesaid changes shall be available for testing during mock session of August 06, 2022, and same shall be made effective from August 08, 2022.

For and on behalf of
National Stock Exchange of India Limited

Khushal Shah
Associate Vice President

Toll Free No	Email id
1800-266-0050 (Option 1)	msm@nse.co.in