

National Stock Exchange of India Limited

Circular

Department: FUTURES & OPTIONS SEGMENT	
Download Ref No: NSE/FAOP/54658	Date: November 30, 2022
Circular Ref. No: 154/2022	

All Members,

Pre-Trade risk controls

Flexing of Operating range applicable to the Stock options contracts

In continuation to Exchange circulars NSE/FAOP/53475 dated August 29, 2022, Exchange has implemented flexing of operating range mechanism, which is applicable 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.

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

Stock 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 3% away from the prevailing underlying price
- OPR flexing shall NOT be applicable to ITM strikes that are more than 3% away from the prevailing underlying price

Further the following existing criteria also needs to be fulfilled for flexing of contract level OPR of Stock option contracts in addition to 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
- 3 unique TMs across BUY & SELL side put together

Accordingly, contract level OPR shall be flexed only when minimum 5 trades involving minimum of 3 unique trading members across Buy and Sell side put together occurs at prices above the trigger point of the prevailing OPR, in addition to current criteria of 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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Members are requested to note that the aforesaid changes shall be available for testing during mock session of December 03, 2022, and same shall be made effective from December 05, 2022

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

For and on behalf of
National Stock Exchange of India Limited

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