

National Stock Exchange Of India Limited**Department : Inspection**

Download Ref No: NSE/INSP/47293

Date : February 10, 2021

Circular Ref. No: 08/2021

To All Members,

Sub: Physical settlement of stock derivatives

Member's attention is drawn to SEBI circular SEBI/HO/MRD/DOPI/CIR/P/2018/161 dated December 31, 2018 SEBI/HO/MRD/DOP1/CIR/P/2019/28 dated February 08, 2019 and Exchange Circular NSE/FAOP/39824 dated January 01, 2019 wherein it has been stipulated that physical settlement shall be mandatory for all stock derivatives with effect from October 2019 expiry onwards. Further, derivatives introduced on new stocks, meeting the enhanced eligibility criteria as specified by SEBI circular SEBI/HO/MRD/DP/CIR/P/2018/67 dated April 11, 2018 would also be physically settled.

Members were required to make available the mechanism for physical settlement in stock derivatives to all their clients who wish to avail of the said facility without having any default option of mandatory/automated squaring off the positions. Necessary risk management measures can be put in place by the Members in their internal policies to handle the same and the same should be duly informed to the clients.

Members are required to take note and ensure compliance with the above-mentioned circulars.

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

**Subhankar Chowdhury
Senior Manager-Inspection**

In case of any clarifications, Members may contact our below offices:

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