

What's New

News Flash



January 2019

Physical settlement of stock derivatives

The Securities and Exchange Board of India (SEBI) has released a Circular on 'Physical Settlement of Stock Derivatives', on December 31, 2018. The key takeaways from the SEBI Circular are:

- Physical settlement shall be made mandatory for all stock derivatives.
- Stock derivatives presently being cash settled shall move to physical settlement in following manner:
 - i. Stocks shall be ranked in descending order based on daily market capitalization averaged for the month of December 2018;
 - ii. The bottom 50 stocks shall move to physical settlement from April 2019 expiry onwards;
 - iii. The next 50 stocks from bottom shall move to physical settlement from July 2019 expiry onwards; and
 - iv. The remaining stocks shall move to physical settlement from October 2019 expiry onwards.
- Derivatives introduced on new stocks meeting the enhanced eligibility criteria* shall also be physically settled.
- The other conditions* mentioned in SEBI Circular dated April 11, 2018 on Review of Framework for Stocks in Derivatives Segment continue to remain in force. (please click [here](#) to access our earlier news flash released in this regard)

Please click [here](#) to access the SEBI Circular in this regard.

If your interest lies in a specific area or subject, do advise us so we can send you only the relevant alerts. For any additional information, please reach out to your PwC relationship manager or write in to ***pwctr.knowledgemanagement@in.pwc.com***

With Best Regards
PwC TRS Team

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