Name of the person/entity proposing comments		Indian Association of Investment Professionals (CFA Society India) Key Contributors : Vivek Suman, CFA; Kshitiz Jain, CFA; Vijayanand Venkataraman,CFA; Satpal Saini, CFA, Namit Arora, CFA, Pankaj Sharma		
Category (Listed Entity / MII / Market Intermediary / Professional / Investor /		Association of Investment Professionals		
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Sr. No.	**Proposal**	**Confirmity to Proposal**	**Comments**	**Rationale**
1	5.1. Rationalization of options strikes The strike scheme for weekly/monthly index options contracts shall be based on the following principle; 5.1.1. Strike interval to be uniform up to a fixed percentage coverage near prevailing index price –i.e. 4% around prevailing index price. 5.1.2. Beyond the initial coverage threshold, specified at (a) above, the strike interval to be expanded so as to ensure that fewer strikes are introduced further away from the prevailing index price. 5.1.3. The number of strikes at the time of introduction not more than 50. 5.1.4. New strikes to be introduced to comply with aforesaid requirement at (5.1.1) and (5.1.2) above, on daily basis	Partially Agree	We appreciate the SEBI's effort to bring changes to the derivatives market for investor protection. However, we have some suggestions on the proposed rationalization of the options strike. 1. We believe that there is a need to look at weekly and monthly options separately. While the 4% window or even narrow band around the prevailing index price may meet the purpose of investor protection for weekly options, but for monthly options this may actually lead to very narrow band. The monthly option has a longer tenor and needs to provide the flexibility of bigger coverage for investors to hedge or express their views. We would suggest that SEBI should look to have 10% band for the monthly options. 2. We believe limiting the number of strikes to 50 may not be advisable, as it will curtail the flexibility for investors to express their views. This will not reduce the ability of the investors to have granular level execution at the investor's end.	We believe that as per market experts its important to continue to have some flexibility in the option strikes window and number, as it will help investors express their view freely, even hedge properly and also help maintain the market liquidity.
2	5.2. Upfront collection of Option Premium from options buyers Members to collect option premiums on an upfront basis from the clients.	Partially Agree	We believe that the focus for SEBI should be on weekly options and the last week of expiry.We agree with the proposal for weekly options and last week of expiry. But, in our view, we would suggest for longer-dated options the existing practice can continue.	We understand that there is a need to curtail the options volume in the last week and expiry day, which can be achieved by focusing only on weekly options and last week of expiry.
3	5.3. Removal of Calendar spread benefit on the Expiry Day The margin benefit for calendar spread positions would not be provided for positions involving any of the contracts expiring on the same day.	Disagree	We believe this proposal can lead to an increase the liquidity costs for investors in the market. We agree that there is a need to curtail the activity but this measure may lead to actually disrupt the market instead of protecting the investors.We do not need to change the market microstructure in every cycle.	We believe that we need to be careful that the changes proposed should be suitable for all market cycles. We do not need to change the market microstructure in every cycle. We need to be cognizant that proposals should not be such that they itself create market instability or liquidity dry up when the cycle turns. A liquid market is equally important for market development and growth.
4	5.4. Intraday monitoring of position limits The position limits for index derivative contracts shall be monitored by the clearing corporations/ stock exchanges on intra-day basis, with an appropriate short-term fix, and a glide path for full implementation.		No view	
5	5.5. Minimum Contract size In view of growth witnessed in the broad market parameters, the minimum contract size for index derivatives contract to be revised, in phased manner: 5.5.1. Phase 1: Minimum value of derivatives contract at the time of introduction to be between `15 lakhs to `20 lakhs. 5.5.2. Phase 2: After 6 months, minimum value of derivatives contracts to be between the interval of `20 lakhs to `30 lakhs	Partially Agree	We need to have more discussion on this point. We agree that there may be a need to change the threshold to curtail the participation of small investors but the proposed threshold has a much larger unexpected. impact on the market. We need to have a deeper discussion with market participants on this.	This needs to have more indepth discussion with market participants. We believe this change alone can bring the option value sharply and the market itself can get disrupted. We would suggest that there needs to be a rethink.
6	5.6. Rationalization of Weekly Index products Weekly options contracts to be provided on single benchmark index of an exchange.	Disagree	We believe Limiting weekly options to a single benchmark index could artificially suppress volatility, resulting in inaccurate risk assessments. The current setup, with daily expirations, already strains market infrastructure. Consolidating to a single index may worsen these issues, leading to liquidity bottlenecks and operational risks. We would suggest that there is a need to explore alternative solutions that ensure market stability and accurately capture volatility	
7	5.7. Increase in margin near contract expiry The margins on Expiry day and the day before expiry shall be increased in the below stated manner: 5.7.1. At the start of the day before expiry, Extreme Loss Margin (ELM) to be increased by 3%. 5.7.2. At the start of expiry day, ELM to be further increased by 5%.	Disagree	We appreciate the SEBI's effort to bring changes to the derivatives market for investor protection. However, we believe that increaing ELM margin 1. We believe that there is a need to look at weekly and monthly options seperately. In our view, the focus for the regulator should be weekly options and the measures to curtail volume should be limited to that. 2. We believe that there is a need to have a "risk based approach" instead of changing ELM provisions. This is as per global practices. We would suggest that instead of this allow exchanges the discreation to inrease the margins basis their assessment of volatility.	We believe the proposal is trying to change the market microstructre, which may have long term implications and may discourage a lot of investors from entering the market even when the market conditions improve. We need to be cognizant that the proposal should not be made considering only the a short term view. We need to understand that the proposal should not be such that it hampers the long term growth of market.