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SEBI'S New F&O Regulations

A Shift Towards Stability and Investor Protection

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IMPACT OF RECENT F&O Regulations on NSE

SEBI introduced six new measures to regulate the derivatives market, aiming to curb excessive speculation and enhance market stability. These rules include stricter margin requirements and position limits.

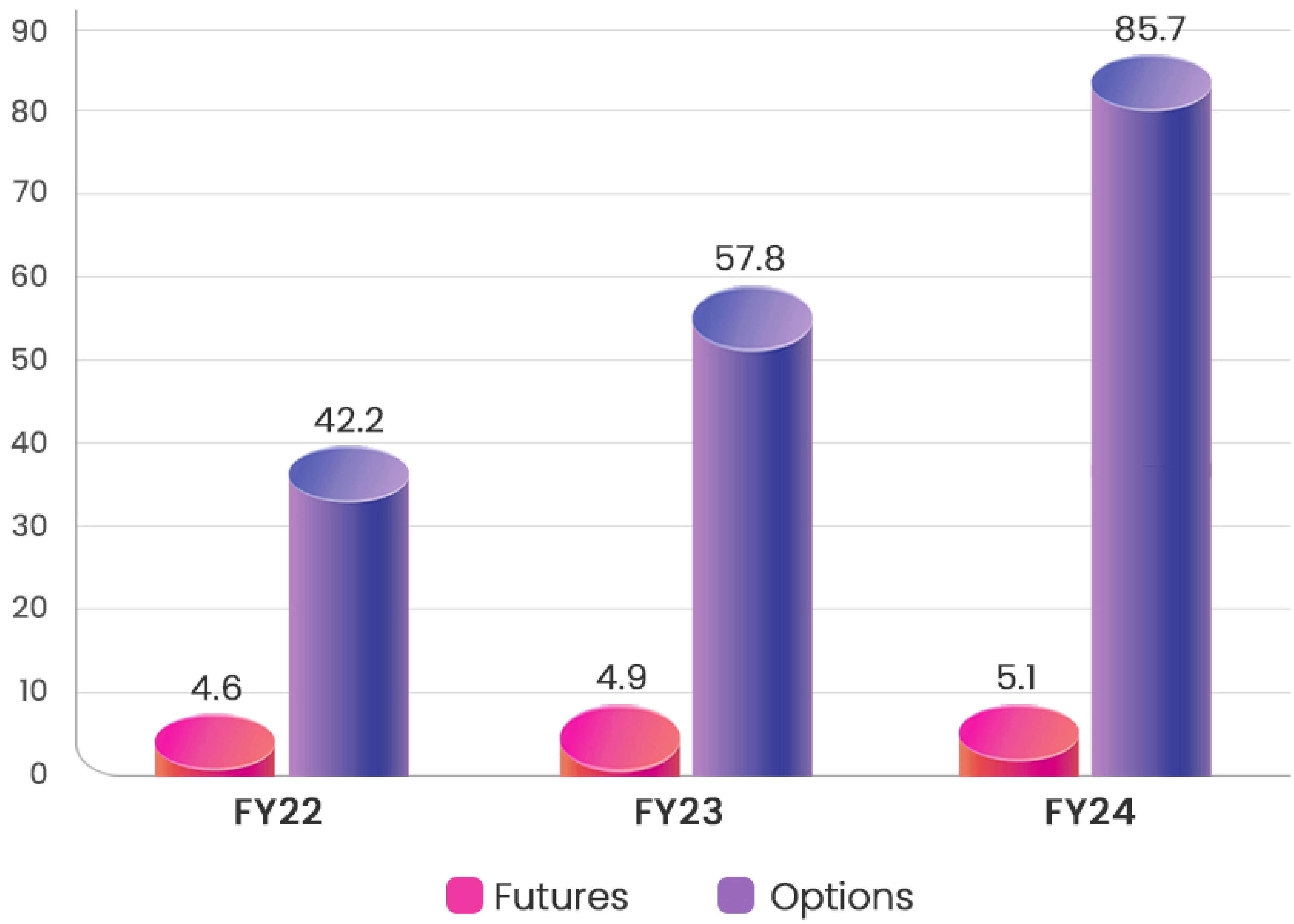
SEBI's new rules have made it more challenging for retail investors to participate in F&O trading by increasing costs and entry requirements.

Measures	Effective from
Increase in Contract Size	November 20, 2024
Limiting Weekly Expiry Contracts	November 20, 2024
Additional Margins on expiry day	November 20, 2024
No calendar spread benefits on expiry day	February 1, 2025
Upfront collection of premium while buying options	February 1, 2025
Intraday monitoring of position limits	April 1, 2025

EMERGING TRENDS

Despite its riskier nature, the options segment remains popular due to its low entry costs and leveraged exposure, **both of which can amplify returns—but also losses.**

Number of Traders **trading Futures and Options (in Lakh)**



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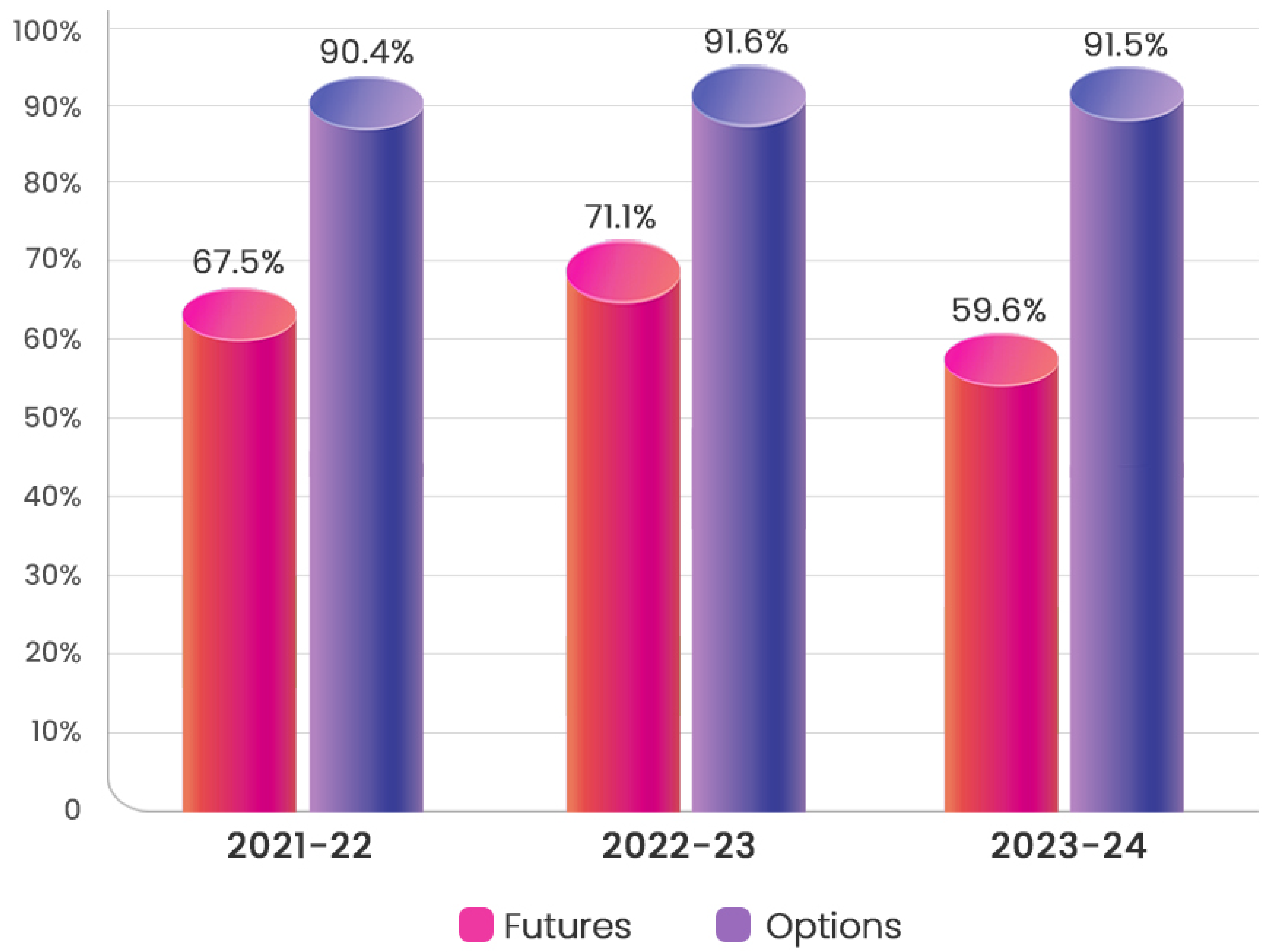
LOSSES BY F&O TRADERS

It has recently been notified that **1.13 Cr retail F&O traders** incurred a combined net loss of **₹ 1.81 Lakh Cr in the last 3 financial years of FY22 – FY24.**

% of Individuals Making Net Losses



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KEY REFORMS IN F&O RULES

Old	Criteria	New
The minimum contract size was ₹5 lakh.	Minimum Contract Size	The minimum contract size has been increased to ₹15 lakh.
Multiple weekly expiries were allowed across different indices.	Weekly Expiries	Weekly expiries are now limited to one index per exchange.
Margin requirements were less stringent, allowing for higher leverage.	Upfront Margin Requirements	Stricter upfront margin requirements have been implemented.

REFORMS: INCREASE IN CONTRACT SIZE

As of November 21, 2024, the contract value for index F&O contracts has been increased to a range of ₹15 lakhs to ₹20 lakhs, up from the previous range of ₹5 lakhs to ₹10 lakhs. To implement this change, **NSE and BSE** have revised the lot sizes for all newly introduced index **F&O contracts to meet the updated criteria.**

WEEKLY AND MONTHLY CONTRACTS

Index	Symbol	Present Market Lot	Present Market Lot
NIFTY 50	NIFTY	25	75
Nifty Bank	BANKNIFTY	15	30
Nifty Financial Services	FINNIFTY	25	65
Nifty Midcap Select	MIDCPNIFTY	50	120
Nifty Next 50	NIFTYNXT50	10	25
BSE Sensex	SENSEX	10	20
BSE Bankex	BANKEX	15	30
BSE Sensex 50	SENSEX50	25	60

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