

# SEBI RULES FOR PHYSICAL SETTLEMENT OF DERIVATIVES

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Capital Market & SEBI

The Securities and Exchange Board of India (SEBI) has directed exchanges to move stock derivatives in a phased manner to physical settlement mechanism based on their respective daily market capitalisation averaged for December 2018.

In a circular, SEBI has said that all stock derivatives that are cash-settled would be ranked in descending order based on the above criteria and thereafter, the bottom 50 stock derivatives would be moved to physical settlement from April 2019 expiry. "... the next 50 stocks from the bottom shall move to physical settlement from July 2019 expiry onwards, and the remaining stocks shall move to physical settlement from October 2019 expiry onwards," it said.

On March 28, SEBI decided to move towards physical settlement for all stock derivatives.

**END**

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