

National Stock Exchange Of India Limited

Department : Commodity Derivatives Segment

Download Ref No: NSE/COM/47532

Date : March 03, 2021

Circular Ref. No: 07/2021

All Members,

Daily Price Limit for Gold Mini Derivative Contracts in Commodity Derivative Segment

This is in partial modification to Part 1.4 of Exchange consolidated circular reference number 44484 dated May 27, 2020 regarding base price & operating ranges applicable to the contracts and circular reference number 44441 dated May 21, 2020 regarding introduction of Options in Goods contracts on underlying Gold in Commodity Derivatives Segment.

Members are requested to take note that for computation of Daily Price Limit (DPL) of Gold Mini Options Contracts, base price shall be computed theoretically for all the option contracts at the EOD, as per the Black and Scholes model (Bachelier model shall be used for negative strikes and when the underlying is negative). The inputs used for computation shall be as follows:

1. Underlying price: Polled price adjusted for movement in XAUGOLD price OR underlying price derived from near month future contract price OR latest available polled price
2. Volatility: Annualized underlying volatility as published by NCL (in case of Bachelier model, this shall be computed considering change in underlying in absolute terms)
3. Interest Rate: 30 days MIBOR Rate

The underlying price as computed above shall be used to compute the theoretical price of the futures contract.

Further, in case of any extra-ordinary price movement in the underlying or near month future contract, before market open or during market hours, the Exchange may flex the DPL for option contracts. The updated DPL shall be broadcasted to trading terminals.

The changes shall be effective from mock of March 06, 2021 and will be available in the live environment with effect from March 08, 2021

For and on behalf of
National Stock Exchange of India Limited

Khushal Shah
Associate Vice President

Toll Free No	Fax No	Email id
1800-266-0050	+91-22-26598449	msm@nse.co.in