



CIRCULAR

SEBI/HO/CDMRD/DNPMP/CIR/P/2020/125

July 20, 2020

To,

**The Managing Directors / Chief Executive Officers  
All Recognized Stock Exchanges having Commodity Derivatives Segment**

Dear Sir / Madam,

**Sub: Eligibility Criteria for Selection of Underlying Commodity Futures for  
Options on Commodity Futures**

1. SEBI vide circular [SEBI/HO/CDMRD/DMP/CIR/P/2017/55](#) dated June 13, 2017 regarding "Options on Commodity Futures - Product Design and Risk Management Framework" under Clause '3a' had prescribed the following eligibility criteria for selection of commodity futures as underlying for options:

*"The underlying 'Futures contracts' on the corresponding commodity shall be amongst the top five futures contracts in terms of total trading turnover value of previous twelve months;"*

2. Based on representations received from stock exchanges and deliberations with the stakeholders, it has been decided that the abovementioned provision stands repealed. The other provisions of circular [SEBI/HO/CDMRD/DMP/CIR/P/2017/55](#) dated June 13, 2017 shall continue to prevail.
3. The provisions of this circular shall be effective from the date of this circular.
4. This circular is issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.
5. The stock exchanges are advised to:



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**Securities and Exchange Board of India**

- i. to make necessary amendments to the relevant bye-laws, rules and regulations.
  - ii. bring the provisions of this circular to the notice of the stock brokers of the Exchange and also to disseminate the same on their website.
  - iii. communicate to SEBI, the status of the implementation of the provisions of this circular
6. This circular is available on SEBI website [www.sebi.gov.in](http://www.sebi.gov.in) under the category “**Circulars**” and “**Info for Commodity Derivatives**”.

Yours faithfully,

**Vikas Sukhwai**  
**General Manager**  
**Division of New Products and Market Policy**  
**Commodity Derivatives Market Regulation Department**  
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