

Regulatory measures taken by SEBI in view of ongoing market volatility

Trader

In line with ongoing market volatility Regulator SEBI has issued a new circular which can be checked out from following [link](#)

Regulator has made some modifications in the following aspects MWPL(Market Wide Position Limit) , Increase in margin for stocks, Flexing of dynamic price bands for F&O stocks

Revision of Market Wide Position Limit (MWPL):-

Market Wide Position Limit is the total open positions which can be open in system post the prescribed level that particular script will be put in Ban Period during which clients can hold the existing position till expiry or close-out but cannot create fresh positions.

As per new changes stocks which will be fulfilling the below criteria their MWPL will be revised to 50% of existing level

a) Average Daily Price High Low variation percentage (during last 5 trading days) should be more than or equal to 15%,

OR

b) Average MWPL utilization percentage (during last 5 trading days) should be more than or equal to 40%

Increase in margin for stocks:-

Stocks which will be meeting the aforesaid criteria of MWPL For such stocks, margin rate in Cash Market shall be increased to minimum 40% in a phased manner as follows

- Minimum 20% to be effective from March 23, 2020
- Minimum 30% to be effective from March 26, 2020
- Minimum 40% to be effective from March 30, 2020

Proposed margins would only be applied in Cash Market and margins rate may be applicable for a period of 1 month.

Flexing of dynamic price bands for F&O stocks:-

Currently, stocks in the F& O segment are subject to dynamic price bands i.e post first circuit is triggered price band used to be relaxed if there are 25 trades executed by 5 different clients post the new changes there will be a 15 minutes cooling-off period from the time of meeting the existing criteria specified by stock exchanges for flexing.

As a retail trader the new changes won't be effecting as such in your trading but you might be seeing increased number of stocks in Ban period and some wait period if any stocks hits its lower/upper price band which was not present earlier.