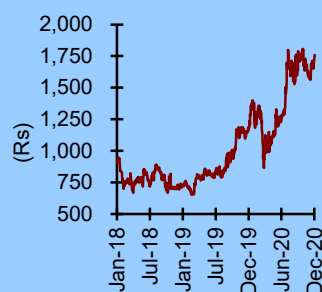


## Sector update

## MCX (HOLD)



## Indian exchanges

## Margin norms had moderate impact on turnover in Dec'20

With effect from 1<sup>st</sup> Dec'20, SEBI mandated collection of upfront margin from clients equal to the higher of peak margin or EOD margin in intraday as well as delivery ([Link](#)). From the said date, brokers moved away from the EOD position to intraday peak margin for calculating the margin requirement.

In Dec'20, NSE retail / overall cash ADTV declined 2.5% / 10% MoM while NSE retail / overall derivative turnover changed -6.5% / +3% MoM. MCX ADTV came in at Rs300bn in Dec'20 (down 9% MoM).

While this is a moderate impact, it remains to be seen how volumes behave when upfront margin requirement increases to 50% / 75% / 100% of the requisite margin from Mar'21 / Jun'21 / Sep'21 respectively.

Chart 1: NSE cash segment daily turnover

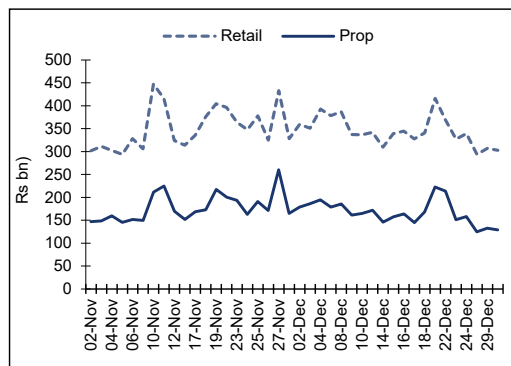


Chart 2: NSE derivatives daily turnover

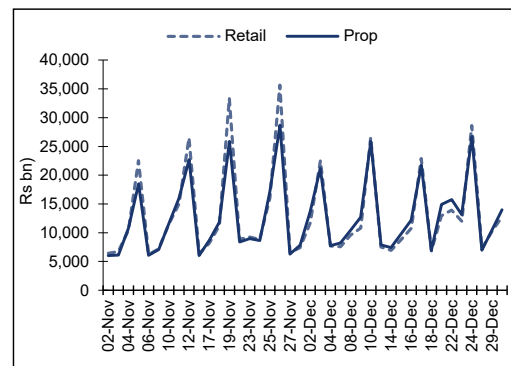


Chart 3: NSE cash ADTV

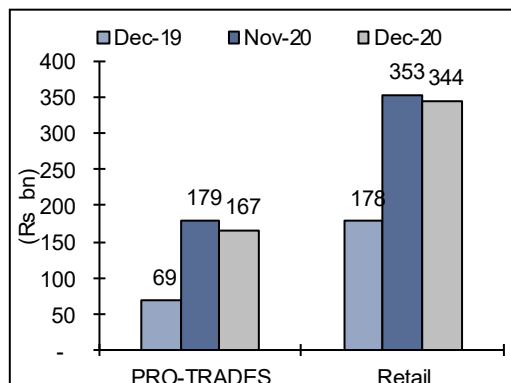
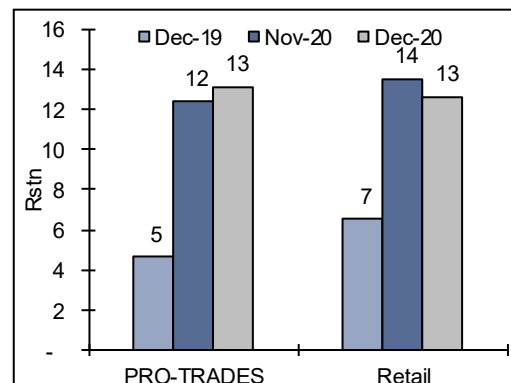


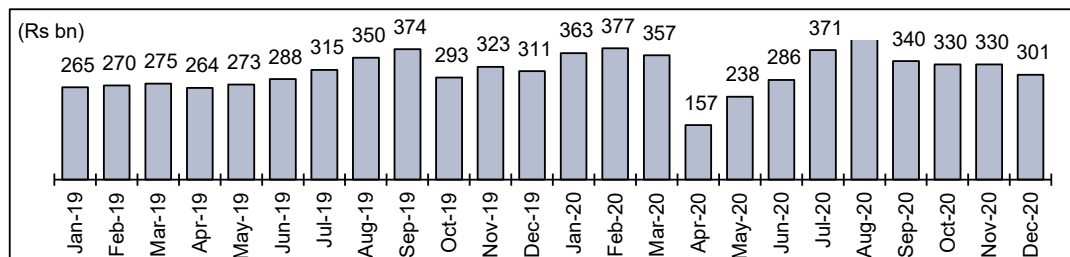
Chart 4: NSE derivatives ADTV



Source: NSE – daily archive reports Note: We have taken "OTHERS" which include client trades other than banks, FII's, DFI's, MF's and insurance companies as retail.

For the purpose of analysis, we have taken daily buy and sell value traded provided by exchange across categories, and for the month of Nov'20 we have not considered turnover of 14th Nov due to shortened trading hours

Chart 5: MCX ADTV trend



Source: MCX India

## Research Analysts:

## Ansuman Deb

ansuman.deb@icicisecurities.com  
+91 22 6637 7312

## Ravin Kurwa

ravin.kurwa@icicisecurities.com  
+91 22 2277 7653

Peak margin regulation will be implemented in a phased manner as mentioned below:

- Phase 1: 25% of the upfront margin to be available before the trade is being executed from 1<sup>st</sup> Dec'20 to 28<sup>th</sup> Feb'21
- Phase 2: 50% of the upfront margin to be available before the trade is being executed from 1<sup>st</sup> Mar'21 to 31<sup>st</sup> May'21
- Phase 3: 75% of the upfront margin to be available before the trade is being executed from 1<sup>st</sup> Jun'21 to 31<sup>st</sup> Aug'21
- Phase 4: 100% of the upfront margin to be available before the trade is being executed from 1<sup>st</sup> Sep'21 onward

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