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PRESS RELEASE

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Comparative study of growth in trading in Equity Derivatives Segment (EDS) vis-à-vis Cash Market after recent measures

1. After the introduction of recent measures to strengthen the equity index derivatives framework vide circular dated October 01, 2024, there have been certain media reports highlighting the impact of the measures. In order to present the factual impact of these measures, the trading activity of both (i) all investors and (ii) individual investors, for the period December 2024 to May 2025, has been analyzed.

2. While the full study carried out by SEBI on the trading activity in EDS vis-à-vis cash market is available on the SEBI website at www.sebi.gov.in, the key findings for the period December 2024 to May 2025 (after the first set of measures started to take effect) are as under, across both the stock exchanges:

    a. Index options turnover, year on year, is down by 9% (in premium terms) and 29% (in notional terms). However, compared to 2 years ago, index options volume is up by 14% (in premium terms) and 42% (in notional terms).

    b. Turnover of individuals in premium terms in EDS is down by 11% year on year and up by 36% over similar period two years ago.

c. Number of unique individual investors trading in EDS down by 20% compared to previous year and up by 24% from 2 years ago.

d. India continues to see relatively very high level of trading in EDS, compared to other markets, particularly in index options.

3. The Financial Year wise trend for six-year period (i.e. FY 2020 – FY 2025) along with analysis of profit and loss of individual traders in EDS is covered in the full study carried out by SEBI.

4. Analysis of profit and loss of individual traders in EDS suggests that at aggregate level, nearly 91% of individual traders incurred net loss in EDS in FY 2025 (similar trend was observed in FY 2024).

5. Trends in turnover of index options will continue to be observed from the perspective of ensuring investor protection and market stability.

6. In order to ensure that the rapid growth in derivatives market matches with commensurate risk monitoring metrics, SEBI vide circular dated May 29, 2025, introduced certain measures with following key objectives :

    a. Better monitoring and disclosure of risks in derivatives

    b. Reducing instances of spurious ban periods for derivatives on single stocks

Better oversight over the possibility of concentration or manipulation risk in index options

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