



3 September 2025

To: SEBI

Dear Sirs/Madams

SEBI - Consultation Paper on the Implementation of Eligibility Criteria for Derivatives on Non-Benchmark Indices

FIA¹ appreciates the opportunity to provide comments on SEBI's "Consultation Paper on implementation of eligibility criteria for derivatives on Non-Benchmark Indices, based on SEBI Circular dated May 29, 2025".

We are supportive of Alternative B, which allows existing non-benchmark indices to transition to the revised eligibility criteria through re-weighting and constituent adjustments rather than requiring the creation of entirely new indices. This represents a balanced and pragmatic approach that ensures continuity for market participants, reduces operational disruption, and enhances investor confidence in the transition process.

We also agree with the specific implementation proposals from BSE and NSE in respect of certain benchmarks that would otherwise be on-compliant with the new eligibility regime:

- **BANKEX (BSE):** We support BSE's proposal to adjust weights and constituents in a single step. Given that BANKEX is not widely tracked by ETFs or index funds, this approach is unlikely to cause significant disruption.
- **NIFTY BANK and NIFTY Financial Services (NSE):** We support NSE's proposed phased, multiple-tranche adjustment over four months. Considering the significant ETF and index fund tracking of these benchmarks, this measured approach will allow market participants to rebalance portfolios in an orderly manner and reduce potential market impact.

¹ FIA is the leading global trade organization for the futures, options and centrally cleared derivatives markets, with offices in Brussels, London, Singapore and Washington, D.C. FIA's membership includes clearing firms, exchanges, clearinghouses, trading firms and commodities specialists from about 50 countries as well as technology vendors, law firms and other professional service providers. FIA's mission is to support open, transparent and competitive markets, protect and enhance the integrity of the financial system, and promote high standards of professional conduct. As the principal members of derivatives clearinghouses worldwide, FIA's clearing firm members play a critical role in the reduction of systemic risk in global financial markets. Further information is available at www.fia.org.



We thank SEBI for the opportunity to contribute to this consultation and remain available to discuss our views in greater detail. Please feel free to contact me at bherder@fia.org or TzeMin Yeo, Head of Legal & Policy, Asia Pacific at tmyeo@fia.org should you wish to further discuss.

Yours

A handwritten signature in black ink, appearing to read 'Bill Herder', is positioned above the printed name.

Bill Herder
Head of Asia-Pacific