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There is a substantial risk of loss associated with trading Derivatives . Losses can and will occur. My methods will not ensure profits

Wednesday, November 21, 2012

R I P, Mini

Rest in peace, Mini. Don't get upset. Mini is neither my relative nor a regular reader of the blog. It is the derivative contract called Mini Nifty.

SEBI has instructed the exchanges to discontinue mini derivative contracts on Index. According to them, the action is to ensure that small/retail investors are not attracted towards derivative segment. They feel Mini lots are attracting too many small players !

Mini contracts were introduced in 2007 with a minimum contract size of one lakh. The purpose was to attract more retail participation. So far I could not understand the logic behind this. Reducing the lot size of Nifty from 50 to 20 was a better option. This could have avoided the split of volume. Then Nifty would have become much more liquid . Bigger traders can always go for multiple lots

Now SEBI has reversed their position. Their priority is to ensure retail traders and small investors are not getting hurt, playing with the weapons of mass destruction. This is absurd. Don't they know index futures are cash settled and requires very little margin to trade ? Are they thinking that additional margin of Rs 10000/- will discourage these traders ? In reality this action will ensure retail traders lose 2.50 times more .

The message is very clear. SEBI do not want retailers to trade derivatives. So what else we can expect? More stringent measures like hiking the margins to 100% ?. You can expect an increase in STT also

Go ahead SEBI. Go and kill the Market.

Posted by [SMART Trader](#) at 9:37 PM



2 comments:



Karralesh P Langote November 21, 2012 at 10:16 PM

There is an interesting discussion going on at <http://www.vfndirect.com/forums/show.cgi?topicid=1353452176>

Reply



SMART Trader November 21, 2012 at 11:02 PM

Kpl Sir

Gone through it
Could not participate as I have not registered yet. I have send a mail for registration

ST

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