



DERIVATIVES

Futures

A promise to buy or sell later at a price fixed today: lot size, expiry, margin and daily settlement

Rules as on 12 October 2026; SEBI study figures for FY 2025-26

For training and education only. Not investment advice.

A futures contract binds both sides to trade on a later date at a price fixed today. Neither can simply walk away.

The buyer gains if the price rises and loses if it falls. The seller is in the opposite position. What one side gains, the other side loses.

Four terms in every futures contract



Underlying

What the contract is on: a share or an index. The price of the future follows the price of the underlying.



Lot size

The fixed number of units in one contract.
 $\text{Futures price} \times \text{lot size} = \text{contract value}.$



Expiry

The last day of the contract. Positions still open are settled on that day and then cease to exist.



Margin

A deposit held against possible losses. It is a part of the contract value, not a part-payment for it.

One contract, three days

THE SET-UP

An invented index is at 30,000, and so is its future. One contract is 50 units: ₹15,00,000.

A buyer takes one contract and deposits a 12% margin: ₹1,80,000.

All figures are assumed.

- 1 Day 1: the future settles at 30,300. Gain: $300 \times 50 = ₹15,000$, credited to the buyer.
- 2 Day 2: it settles at 29,700. Loss for the day: $600 \times 50 = ₹30,000$, to be paid in cash.
- 3 Day 3: it settles at 29,400. Loss for the day: $300 \times 50 = ₹15,000$, again paid in cash.
- 4 Net result: $+15,000 - 30,000 - 15,000 =$ a loss of ₹30,000. Check: $(29,400 - 30,000) \times 50$.

The index fell 2%. The buyer lost ₹30,000, which is 16.7% of the ₹1,80,000 margin.

Illustration with an invented index and assumed prices, lot size and margin. Costs and taxes ignored.

Margin: what is collected, and when

1

Initial margin

Based on 99% value at risk: a loss that should be exceeded about 1 time in 100. For futures the horizon is two days.

2

Extreme loss margin

An extra layer on top: 2% of the contract value for index derivatives and 3.5% for stock derivatives.

3

Paid before the trade

The broker must collect these margins from the client upfront, before the position is taken.

4

Settled every day

Each day's gain or loss is worked out at the day's settlement price. Losses are paid in cash; gains are received.

5

Checked during the day

The clearing corporation takes at least four snapshots a day. The highest margin need, the peak, is compared with what the client has given.

Sources: NSE Clearing, equity derivatives margins and settlement pages (read 12 Oct 2026); SEBI circular SEBI/HO/MRD2/DCAP/CIR/P/2020/127, 20 Jul 2020.

How the contracts are built today

Feature	The rule now	Source
Contract value	An index contract must be worth at least ₹15 lakh when it is introduced. Lot sizes are revised from time to time to keep to this.	SEBI circular, 1 Oct 2024
Lot size	Nifty 50 contracts on NSE: 65 units, from contracts expiring in January 2026. Before that, 75 units.	NSE circular, 3 Oct 2025
Expiry day	NSE contracts expire on a Tuesday; monthly ones on the last Tuesday of the month. This applies to expiries from 1 September 2025.	NSE circular, 25 Jun 2025
Months traded	Three monthly futures are open at a time on NSE: the near month, the next month and the far month.	NSE contract specifications
Final settlement	Index futures: in cash, at the index's closing value on the last trading day. Stock futures held to expiry: by delivery of the shares.	NSE Clearing; SEBI 2018; NSE 2021

Sources: SEBI circular SEBI/HO/MRD/TPD-1/P/CIR/2024/132; NSE circulars NSE/FAOP/70616 and NSE/FAOP/68747; NSE equity derivatives pages (read 12 Oct 2026).

A hedge with index futures

THE HOLDER

An invented investor holds ₹30,00,000 of shares that move in step with the index, at 30,000.

She sells two futures contracts of 50 units at 30,000: ₹30,00,000.

All figures are assumed.

- 1 The index falls 5% to 28,500. Her shares lose 5% of ₹30,00,000 = ₹1,50,000.
- 2 Her futures gain $1,500 \times 100$ units = ₹1,50,000. Shares and futures together: no change.
- 3 The index rises 5% to 31,500 instead. Her shares gain ₹1,50,000; her futures lose ₹1,50,000.
- 4 Together: no change again. She has given up the gain in return for avoiding the loss.

Selling futures against a holding fixes its value for a time. It does not add a return.

Illustration with assumed figures. Not a suggestion to hedge or to trade. Costs and taxes ignored.

Where things stand

SEBI's study of individual traders in equity derivatives, and the tax on a futures sale.

FUTURES: IN LOSS

66%

About 66% of individual futures traders made a net loss in FY 2025-26.

OPTIONS: IN LOSS

87.7%

The same measure for individual options traders in FY 2025-26.

AVG LOSS, ₹ LAKH

1.42

Per individual stock futures trader, FY 2025-26 (₹1.56 lakh in FY25).

STT, FUTURES SALE

0.05%

Of the traded price, from 1 April 2026. It was 0.02% before.

Sources: SEBI, 'Profitability of Individual Traders in the Equity Derivatives Segment (FY25-FY26)', August 2026; NSE circular NSE/FATAX/73524, 31 Mar 2026 (Finance Act, 2026).

If you learnt this from older material

What older decks say

- Index contracts are worth ₹5 lakh to ₹10 lakh (the 2015 rule).
- NSE contracts expire on the last Thursday of the month.
- Stock futures are settled in cash at expiry.
- Margin collection is checked on end-of-day positions.

What holds now

- At least ₹15 lakh when introduced, from 20 November 2024.
- Tuesday, for NSE contracts expiring from 1 September 2025.
- Held to expiry, they are settled by delivery of the shares.
- Verification also covers the intraday peak (4+ snapshots).

Sources: SEBI circulars of 1 Oct 2024, 11 Apr 2018 and 20 Jul 2020; NSE circular NSE/FAOP/68747, 25 Jun 2025.

Four things people get wrong



'Less money down, so less risk.'

The margin is small but the gain or loss is on the full contract value. In the example, a 2% fall took 16.7% of the margin.



'The margin is the most I can lose.'

Losses are collected every day. A sharp move can cost more than the margin deposited.



'I can wait for the price to recover.'

Every contract expires, and each day's loss must be paid in cash. A position that cannot be funded is closed.



'A hedge earns something extra.'

A hedge fixes a value for a time. The gain given up on one side pays for the loss avoided on the other.

Trustner does not distribute or recommend derivative trading. This deck explains; it does not coach.

Check yourself

Q1

A futures contract is 40 units of an invented index. A buyer enters at 25,000; it settles at 24,600 that day. What is the contract value, and the day's loss?

Q2

The margin on that contract is an assumed 15%. What is the margin in rupees, and what share of it is the day's loss?

Q3

On which day of the week do NSE equity futures expire now, and how is an index future settled at expiry?

Sources and disclaimer

SOURCES FOR THE FIGURES IN THIS DECK

- Margins and daily settlement: NSE Clearing, equity derivatives pages on margins, settlement mechanism and settlement price, read 12 Oct 2026.
- Peak margin: SEBI circular SEBI/HO/MRD2/DCAP/CIR/P/2020/127 (20 Jul 2020), in SEBI's Master Circular for Stock Exchanges and Clearing Corporations (Dec 2024).
- Contract value and expiry days: SEBI circulars SEBI/HO/MRD/TPD-1/P/CIR/2024/132 (1 Oct 2024) and SEBI/HO/MRD/MRD-TPD-1/P/CIR/2025/76 (26 May 2025).
- Lot size and expiry day on NSE: NSE circulars NSE/FAOP/70616 (3 Oct 2025) and NSE/FAOP/68747 (25 Jun 2025); NSE contract specifications.
- Traders' results: SEBI, 'Profitability of Individual Traders in the Equity Derivatives Segment (FY25-FY26)', August 2026. Delivery settlement: SEBI circular of 11 Apr 2018.
- Securities transaction tax: Finance Act, 2026, per NSE circular NSE/FATAX/73524 (31 Mar 2026). Index, investor and all example figures are invented.

This material is for training and investor education only. It is not investment, tax or legal advice and is not a recommendation to buy, sell or hold any security or scheme. Examples use assumed figures unless a source and date are shown. Mutual fund investments are subject to market risks; read all scheme related documents carefully. Trustner Asset Services Pvt. Ltd. is an AMFI-registered Mutual Fund Distributor (ARN-286886).