Q. What is Derivatives World?

Derivatives World is a new feature provided in the F&O section of our website (www.icicidirect.com). It allows you to select a pre-defined strategy to trade in the F&O as per your view of the market and your risk appetite. Additionally, you can see the pay-off chart for various F&O combinations selected by you.

Q. What is a derivatives strategy?

A Derivatives strategy is formed using a combination of Future and/or Options. Such strategies are used to prevent losses incurred in one position by forming the reverse position.

Q. What is one leg order?

A one leg order is placed using either Options or Futures. It is commonly termed as naked order.

Q. What is two leg order?

A two leg order is formed with a combination of Futures and/or Options.

Q. Why should I prefer derivatives strategies (two leg) orders over the naked (one leg) order?

In case of a naked (one leg) order placed by you, there is a risk that the market might move in an adverse direction, which may result in you incurring unlimited losses. In a derivatives strategy (two leg) order, you can hedge your position with an opposite position and thus reduces or limits your losses.

Q. Where can I place the derivatives strategy order on ICICIdirect.com?

To use Derivatives World on ICICIdirect.com, login to your account & click on the F&O Section and then click on the Derivatives world link. Customers using this feature for the first time are recommended to read the “Strategy Guide” and “FAQs” which are available on F&O strategy bar in Derivatives World.

Q. Who can trade in Derivatives World?

Anyone eligible to trade in F&O on ICICIdirect.com can trade in the Derivatives World by agreeing to the Derivatives World Terms & Conditions.
Q. What are the things I should be aware of before placing a derivatives strategy order?

Prior to placing a Derivative Strategy order you should be aware of that:

a) There is a margin requirement on both the legs of the strategy.
b) When a two leg order is placed, it may happen that only one leg is executed and the other may not be executed.
c) You need to monitor your positions and in case of a square-off of one of the legs (because of insufficient margins), the other leg will become a naked (unhedged) order.
d) You should have your own view on the market and should decide on the kind of risk you are willing to take.
e) In some strategies you may have unlimited losses.

Q. How can I place an order in Derivatives World?

Follow the 3 easy steps given below for placing order on Derivatives World:

Step 1: Select the market view and risk and click select strategy

Step 2: Select the strategy from the given options and click execute

Step 3: Check the order details and enter password again

Q. How is the margin calculated for a strategy order?

For a strategy order, a sum of individual margins on each of the legs is used.

Q. What are the underlyings enabled for Derivatives World?

Presently, only NIFTY is enabled as an underlying for Derivatives World.

Q. Can I modify the Quantity field?

No, the Quantity field is not modifiable and by default the contract will be only for one lot. You will have to select the strategy every time you want to place a fresh order.

Q. Can I modify the Price field?

No, the Price field cannot be modified. The orders placed are essentially market orders. You do not have the option to place a limit order.
Q. Can I place limit orders?

No, in Derivatives World, only market orders are allowed.

Q. Where can I see my orders placed in Derivatives World?

You can track your orders in the order book by clicking on the strategy. By clicking on the strategy you will be able to see all your strategy orders. If you want to identify a particular strategy, you should check the orders with consecutive order reference number and the time stamp which will appear when you click on order reference number. This will identify which two orders are part of the same strategy. In the time stamp, the orders of the same strategy will have a minimal time difference as these are market orders.

Q. I placed a strategy order, but in the strategy option of the order book I can see only one leg of the order. What should I do?

A strategy order is a two leg order but it might happen that only one of the legs got executed and the other leg was not executed due to lack of liquidity and/or connectivity issue.

You can know about the same from your order book, by looking at the strategy option of your order book. For any leg, if the status is appearing as anything other than executed, it means that leg is not executed.

In such a case, you will have only one leg executed (making it a naked order). So you can either square it off from open positions book or continue the same as a naked (unhedged) order.

Q. While placing the two leg order, I am getting a message that there are insufficient margins. Why am I getting this message?

You are getting this message because there is insufficient money allocated by you in the Futures & Options segment. You one can add funds to Futures & Options segment in the modify allocation in your account on our website (www.icicidirect.com).

Q. How will I know if one of the legs is squared off by the system due to insufficient margins?

You will get to know about square off by system by checking the Futures and Options segment of the order book, where a message saying that it is a system placed order will be displayed against the cover order.

Q. What can I do, if, one of the legs of my strategy order is squared off?

If one of the legs of your strategy order is squared off due to insufficient margins, the other leg becomes a naked order. So you can either square it off from your open positions book or continue the same as a naked order.
Q. I am getting a message that you already have a position and this order has the effect of canceling it and system is not allowing me to place another order for the same strategy. Why is this so?

You can get this message when:
 a) There is an opposite order placed from the single leg order screen. 
 b) There is an order placed from Derivatives World, which has the effect of cancelling the leg/legs of the existing order.

In such a case, a you will not be able to place a new order from the Derivatives World screen. So, you can:
 a) Square off the existing leg and place an order for a new strategy or
 b) Continue with the already existing position and place an order for this strategy at a later time, when the existing positions are closed.

Q. I am getting a message that this strategy order has the effect of adding the existing position. What does it mean?

You will receive this kind of message when:
 a) There is a similar order placed through the single leg order screen,
 b) There is an order placed from Derivatives World, which has the effect of adding to the leg/legs of the existing order.

In such a case, if you click on Yes, the same order will be added to the previous order.

Q. How can I track my orders in the open position book?

For identifying your strategy orders in the open positions book, you have to first identify which two orders are the legs of a particular strategy from the order book strategy option.

After tracking the same, you can add margin or square-off both the legs in the open position book.

Q. How can I calculate the net profit or loss from a strategy?

To calculate profit or loss from a particular strategy, you must:

• Order book
• Trade book
• Open positions book

In order book, you need to click on the strategy option. By clicking on this, you can view all your derivative strategy orders. The two legs of the strategy can easily be identified by checking the order reference number. Two legs of the same order have consecutive order reference numbers and can be identified by the time stamp which will appear on click of order reference number. This will confirm which two orders are part of the same strategy.
After identifying the strategy order in the order book you have to use the order reference number to track the same in the trade book to determine the price at which the contract actually got executed.

Using the execution price from the trade book, you can easily calculate the net profit or loss in a strategy order, by calculating the profit/loss on each of the leg by comparing execution price with the last traded price in the open positions book.

Q. How can I square off the open positions in derivatives strategies?

Click on the square-off button in your open positions book to square off your open positions in derivatives strategies.

Q. Can I trade on the expiry day in the current series? What will happen to the strategy order at the expiry?

You can trade either in the near series or the mid series on the expiry day. If the derivatives strategy positions in the near series are not squared-off on the expiry day, these will be automatically settled as per the normal settlements of the F&O contracts on expiry day.

Q. Can I trade in Mid and Far Month series?

A customer will be able to place an order in the mid series as and when it is enabled for trading based upon the liquidity criteria. However, the customer will not be able to place an order for the far series.

Q. I am unable to place a calendar spread order?

You will not be able to place the order together for two different F&O series. The two legs of all strategies in Derivatives World will have the same expiry.

Q. Can I rollover my position? If yes, how can I do that for a strategy order?

If you want to roll over your position, then you must close the position in the current series using open positions book and then create a similar position in the mid-series.

Q. How will a strategy order be impacted in case of a corporate action?

At a time, positions in two different F&O series cannot be taken. Also, the effect of any corporate action is taken care of by the system. In case of a corporate action, the contract value remains the same. However, any change in lot size or underlying price is taken care by the system and it will be changed in the open position.
Q. I am unable to execute any strategy despite allocating sufficient margins. What can be the reason?

This unusual event can occur when:
a) There is insufficient liquidity in the option strikes and thus the same is not enabled for trading.
b) The option strike mentioned in the pay-off is not made available for trading by the exchange.

Q. The price at which my order got executed is substantially different from the price shown in the pay-off summary?

If you take long time to decide on a particular strategy, it is possible that you might feel that the price at which the order got executed is substantially different from the price shown in the derivatives strategy pay-off. To avoid this you can again select the same strategy from the F&O strategy screen, and thus be able to see the same with the updated prices.

Q. Can I place limit order at the time of order execution?

You cannot place a limit order because derivatives world only offers market orders and hence you cannot place a limit order at the time of execution.

However, at the time of squaring off, you will have an option to square off the strikes at market/limit order.

Q. Is there a restriction on the kind of order (limit/market) at the time of squaring off as well?

At the time of squaring off, you will have an option to square off the strikes at market/limit order.

Q. What is meant by each of the market scenarios?

In the F&O strategy, a customer will be able to select from the possible market scenarios, viz. Bullish, Bearish, Range Bound, Volatile.

If the customer is of the opinion that the market is likely to go up from the current levels, then he/she can make use of bullish strategies.

If the customer is of the opinion that the market is likely to go down from the current levels, then he/she can make use of bearish strategies.

If the customer is of the opinion that the market is likely to remain in a limited range, then he/she can make use of range-bound strategies.

If the customer is of the opinion that the market is likely to remain volatile, then he/she can make use of volatile strategies.
Q. What is meant by low and moderate risk?

A customer will be able to see low- and moderate-risk strategies for all the four market scenarios.

A low-risk strategy is one in which the customer losses to a large extent are controlled and/or even pre-defined.

A moderate-risk strategy is one in which the losses are reduced by the reverse positions taken in two leg strategies which clearly has an advantage over a naked strategy.

However, in some strategies in the above scenarios, losses are unlimited beyond the point of hedge.

Q. In any strategy pay-off, which strategy of the possible options should one prefer?

One should opt for a strategy based upon his/her risk-reward requirements. Based on the market outlook, he/she needs to select a strategy and each strategy has its merits accordingly.

However, a customer should also be fully aware that the losses can be unlimited in some strategies.

Q. Can I place orders in Derivatives World in pre- and post-market hours?

You will not be able to place your orders in derivatives world in pre- and post-market hours. The reason being that derivatives world allows only market orders and as the markets are closed at stated timings, the order will not go through when there is no trading on the exchange.