Equity Derivatives Segment Master Circular

Exchange has been issuing various circulars / notices from time to time. In order to enable members to access all the applicable circulars / notices for Equity Derivatives Segment at one place, Master Circular has been prepared.

The master circular is set as follows for ease of reference:

PART I

List of important circulars issued

PART II

Master Circular

PART III (Annexures in attachment)

Formats of various files and reports provided by the Exchange

For and on behalf of BSE Ltd.

Ketan Jantre
Chief General Manager – Trading Operations

Contact details:

Phone: +91 22 22728436 / 8226

Email id: trading.ops@bseindia.com

"Notwithstanding such rescission,

A. Anything done or any action taken or purported to have been done or contemplated under the rescinded guidelines before the commencement of this Master Circular shall be deemed to have been done or taken or commenced or contemplated under the corresponding provisions of the Master Circular or rescinded guidelines whichever is applicable.

B. The previous operation of the rescinded guidelines or anything duly done or suffered thereunder, any right, privilege, obligation or liability acquired, accrued or incurred under the rescinded guidelines, any penalty, incurred in respect of any violation committed against the rescinded guidelines, or any investigation, legal proceeding or remedy in respect of any such right, privilege, obligation, liability, penalty as aforesaid, shall remain unaffected as if the rescinded guidelines have never been rescinded."

Contents

PART I: List of important circulars issued

Notice No.	Subject
20230627-4	Change in Trading Holiday for Equity, Equity Derivatives and SLB Segments and Change in expiry day of Equity Derivatives - Clarification
20230627-2	Change in Trading Holiday for Equity, Equity Derivatives and SLB Segments and Change in expiry day of Equity Derivatives.
20230626-27	ODIN Terminals for BSE Equity Derivatives segment
20230623-62	Single Order Quantity Limit in Single Stock Derivatives contracts of Equity Derivatives Segment
20230621-48	Single Order Quantity Limit in Index Derivatives contracts of Equity Derivatives Segment
20230620-9	Strike prices interval in Equity Derivatives
20230609-26	Standardization of Exchange to Member Interface for End of Day Files – Equity Derivatives – Update
20230526-54	Single Order Quantity Limit in Index Derivatives contracts of Equity Derivatives Segment
20230509-15	Standardization of Exchange to Member Interface for End of Day Files – Equity Derivatives Segment – Update
20230329-57	Standardization of Exchange to Member Interface for End of Day Files – Equity Derivatives Segment - Update
20230327-65	Revision in contract specifications of S&P BSE SENSEX and S&P BSE BANKEX derivatives contracts in equity derivatives segment.
20230110-21	Change in no. of price point information in EMDI market data broadcast stream in Equity and Equity Derivatives segment
20230110-20	Standard Operating Procedure for handling of Stock Exchange Outage and extension of trading hours thereof
20221208-15	Standardization of Exchange to Member Interface for End of Day Files – Equity Derivatives Segment - Update
20221114-42	Standardization of Exchange to Member Interface for End of Day Files – Equity Derivatives Segment - Update
20220914-6	Enhancement in Standardized Contract Master file format for Equity Derivatives Segment
20220912-43	Enhancement in Contract Master file formats for Equity Derivatives Segment
20220812-47	Standardization of Exchange to Member Interface for End of Day Files – Equity Derivatives Segment – Update

20220628-43	Compliant UCCs ONLY will be allowed to place orders / bids w.e.f. July 4, 2022 - Mock trading session on Saturday, July 02, 2022
20220617-53	Standardization of Exchange to Member Interface for End of Day Files – Equity Derivatives Segment -Update
20220531-45	Standardization of Exchange to Member Interface for End of Day Files – Equity Derivatives Segment
20220127-15	Introduction of Index Contract master file in Equity Derivatives segment
20221222-4	Strike prices interval in Equity Derivatives
20220930-53	Revision in Market lot of Derivatives contracts on Individual Stocks & Index
20220425-2	Transaction Charges in Equity Derivatives Segment.
20221222-4	Strike prices interval in Equity Derivatives
20221220-3	Change in the Expiry date and Maturity date of Equity Derivative Contracts.
20210908-29	Change in expiry day of weekly expiry contracts in equity derivatives segment
20200311-56	Revision in no of strikes in S&P BSE SENSEX options contracts
20200625-9	Revision in number of strikes in SENSEX50 options contracts
20201201-24	Review of strikes prices of S&P BSE SENSEX Long Dated Options contracts
20190225-50	Change in tick size and strike price interval in Equity Derivatives.
20190111-48	Weekly Futures and Options contracts on S&P BSE BANKEX
20180507-5	Trading Hours on Stock Exchanges.
20180829-35	Strike prices in Equity Derivatives
20180926-4	Change in NFCAST stream IP in Equity Derivatives segment
20180927-14	Strike prices in Equity Derivatives
20181130-60	Exclusion of derivatives contracts on Foreign Indices from Equity Derivatives Segment
20181231-41	Physical Settlement of Stock Derivatives
20171227-30	Change in the Contract Expiry date of Equity Derivatives
20171212-8	Trading Holidays for the Calendar Year 2018 for Equity Derivatives Segment
20170821-18	Facility of providing 'Do not Exercise' instruction on Expiry day in Equity Derivatives
20170817-29	Facility to enter orders in paired options contracts on BSE SENSEX 50 in Equity Derivatives segment
20170619-17	Dissemination of MDI & EMDI Market Data Feed – release of new Templates in Equity Derivatives segment
20170526-1	Introduction of IP validation in BOLT Plus Trading system Bottom of Form

20170522-20	Bhavcopy file for Equity Derivatives Segment Bottom of Form
20170503-12	Revision in Lease Line URLs for Member Portals/Member Applications
20160829-35	Facility to place Multiple Quotes through Single Request Message in Equity Derivatives and Currency Derivatives Segments
20160829-35	Facility to place Multiple Quotes through Single Request Message in Equity Derivatives and Currency Derivatives Segments
20160623-43	Introduction of OCO and BOC order types in Equity, Equity Derivative and Currency Derivative Segment
20160513-23	Reintroduction of Weekly Options Contracts in Equity Derivatives Segment.
20160504-23	Facility to provide Participant Code in order message in Equity Derivatives & Currency Derivatives segments – Go Live
20160504-23	Facility to provide Participant Code in order message in Equity Derivatives & Currency Derivatives segments – Go Live
20160425-45	Facility to provide Participant Code in order message in Equity Derivatives & Currency Derivatives segments
20160425-35	Enhancement in Order Log File format for Equity Derivatives Segment
20160425-35	Enhancement in Order Log File format for Equity Derivatives Segment
20160422-31	Modification in the Order Flow Rate in BOLT Plus trading system
20160323-31	Master Circular for Equity Derivatives segment

PART II: Master Circular

1. Trading Parameters

1.1 Order types & Order attribute

Types of orders:
- Market order
- Stop loss order
- Limit order

Client Type at the time of Order Placement

- CLIENT
- OWN
- INST
- SPLCLI

Applicable Retention type for the above orders:
- End of day
- End of session
- Immediate or cancel (IOC)

In addition to above, following order attributes are specified at the time of order entry:

- Product Type (Future Index/Stocks, Call Index/Stocks, Put Index/Stocks etc.)
- Asset
- Expiry
- Strike
- Instrument Name
- Scrip code/Token Number
- Buy/Sell indicator
- Total Quantity
- Revealed Quantity
- Rate
- Market Protection (in %)
- Client Id
- Client type
- Order Type
- Retention Type

Introduction of OCO and BOC order types

One-Cancels-the-Other (OCO) order is a type of order that combines the behaviour of a regular limit order with a stop loss market order. OCO is a single order (one order ID is generated) with two prices viz 'Limit Price' and 'Trigger' price.

BOC order is a limit order where the 'Book or Cancel' condition is applicable on order entry. It ensures that the incoming order is written to the order book as a passive order.

Exchange has prepared a detailed FAQ document on One Cancel the Other (OCO) and Book Or Cancel (BOC) order entry facility, for the benefit of trading members, thereby providing detailed understanding of the functionality with the help of examples, highlighting different aspects.

FAQs on OCO and BOC Order type Facility in Equity Derivatives segment

Notice No.	Date
20160623-43	June 23,2016

1.2 Order Entry Facilities

1.2.1 Multi-legged order entry

A multi-legged order entry facility is a new type of order entry which enables a trader to place a combination order comprising of more than one order across different futures & options contracts.

A multi-legged order can contain a minimum of 2 order legs and maximum of 4 order legs. In the multi-legged order entry facility, matching of all order legs in a multi-legged order is linked with each other. Order matching shall be done, either fully or partially only if matching is possible for all order legs at that time, else the entire multi-legged order shall be rejected. On account of the linked execution of all the order legs, this facility can be used by traders to execute trades across different futures & options contracts, up to 4 order legs, at the same time.

FAQs on Multi-Legged Order Entry Facility in Equity Derivatives segment

Relevant Notices:

Notice No.	Date
20160114-37	January 14,2016
20150805-22	August 05,2015
20150529-33	May 29,2015

1.2.2 Calendar Spread Functionality

The trading convention of Futures Calendar Spread orders in Equity Derivatives segment is as follows:
1. A Buy spread means, Sell in Near Month leg and Buy in Far Month leg.
2. A Sell spread order means, Buy in Near Month leg and Sell in Far Month leg.

Relevant Notices:

Notice No.	Date
20140308-2	March 08, 2014

1.2.3 Paired Option Order entry facility

The Exchange introduced a new facility to create Paired options in its Equity Derivatives segment (w.e.f. December 07, 2015).

Paired option facility allows a trader to take positions across two different option contracts belonging to the same underlying asset and same expiry by entering a single order.

FAQs on Paired option functionality

Relevant Notices:

Notice No.	Date
20150624-35	June 24, 2015
20150616-28	June 16, 2015

1.2.4 Facility to provide Participant Code (CP code) in order message

Further to circulars - 20120106-20 dated January 06, 2012 and 20140429-24 dated April 29, 2014 issued by ICCL, regarding facility of give-up/ confirmation of institutional trades in RTRMS for Equity Derivatives and Currency Derivatives segment respectively.

Facility has been provided to trading members to provide the participant code (CP code) at the time of entering orders for clients whose trades are settled by their clearing member and not by the trading member. This facility shall be enabled in BOLT Plus trading system.

Highlights of this facility:

A. Facility to provide CP code in order message
- Trading member can provide CP code along with client code at the time of order entry.
- This facility shall be applicable only for client type 'INST'- Institution and 'SPLCLI'-Special Client.
- For this, a file consisting of participant codes shall be made available on daily basis, which has to be used in BOLT TWS or other front-end trading application. Trading members can refer Exchange circular number 20160418-34 dated April, 18 2016 on availability for CP code master file.
- Once order with CP code is traded, it shall be automatically given up to client's clearing member for confirmation in RTRMS system.

B. Trade take-up confirmation (Approved / Rejected) status on front-end trading application

- New trade take-up confirmation message has been introduced in ETI API.
- Trading members shall be able to view status on front-end trading application whether the trade confirmation has been approved or rejected by the client's clearing member.

Relevant Notices:

Notice No	Date
20160504-23	May 04,2016
20160425-45	April 25,2016

1.2.5 Facility to place Multiple Quotes through Single Request Message

Trading Members of the Exchange are hereby informed that the Exchange has introduce facility to place multiple quotes across different contracts through a single request message as part of the ETI APIs. Using this, a member can place buy side and sell side order quantity and price for the same contract and same client in a single request.

<u>Salient Features of the Multiple Quote entry facility</u>

- Members can place up to 99 quotes through a single request message.
- Multiple quotes can be entered across different contracts which belong to the same product, e.g. SENSEX futures etc.
- Quote can be either single-sided (either buy or sell quote) or double-sided (both buy and sell quotes).
- Every quote request shall have a limit price and quantity shall be fully disclosed.
- All quotes shall have the retention type of End of Session.
- All quotes that are part of a single request message have to be placed for the same client code.
- For each quote side, individual exchange order ID shall be generated.
- Matching of quotes shall be based on price-time priority. A quote gets executed into a trade when either side of the quote matches with an incoming, match-able quantity on opposite side. In this case, one side of the quote gets executed into a trade while the other side of the quote may remain pending in the order book. Subsequently, the other side of the quote may also get executed into a trade on similar lines.
- Modification of quotes
A. Double-sided quote:
    - If the quote is fully pending or is partially executed - member can modify either single side or both sides.
    - If 1 side of the quote is exhausted - member tries modifying both the sides, only the pending side of such a quote can be modified and the modification request for the fully traded side of the quote will be rejected.
B. Single-sided quote – member can modify the quote if it is fully pending or is partially executed
C. Members can modify the limit price, quantity, client code and client type of unexecuted quote whereby time priority shall change except for client type modification. However, in case of partially traded quote, modification of Client code and CP Code (for SPCLI and INST) shall be disallowed.
D. Members can modify either one or multiple quotes through a single mass quote request message.

E. Order ID shall remain the same on modifying the quote.

- Existing quotes can be replaced with a new quote changing the limit price, quantity, client code and client type whereby time priority shall change except for client type change. Order ID shall remain the same on replacement of quote.
- All order validations shall be applicable to quotes – price band, tick size, market lot, single order quantity limit, single order value limit, self-trade prevention check, etc.
- If an individual side of a double-sided quote is rejected due to any order level validations, then both sides of the quote for that contract shall get rejected. The quotes on other contracts within the same mass quote request message shall remain unaffected.
- Members can delete either one or multiple quotes through a single mass quotes request message. In case of a double-sided quote, both the sides of the quote will get deleted when the member sends a quote deletion request.
- If a member is moved into risk reduction mode (RRM), all pending quotes shall be deleted.
- All quotes shall be non-persistent, i.e. they shall be deleted from pending order book if member's login session gets disconnected.

This facility shall be available through ETI APIs only. It shall not be available through BOLT TWS or ETI API. Members and third party empanelled vendors supporting ETI APIs are requested to refer to ETI API version 1.5.7 and above for mass quote request message. The same is available on the weblink - http://www.bseindia.com/nta.aspx under 'Equity Derivatives Segment - Test Environment Setup'.

Relevant Notices:

Notice No	Date
20160829-35	August 29,2016

1.3 Permitted lot size

The value of the Contracts in the Futures & Options segment shall not be less than Rs. 5 lakhs at the time of introduction. The permitted lot size for futures & options contracts shall be the same for a given underlying. The lot size should be same for an underlying traded across the Exchange.

1.4 Tick size for contracts

Contracts	Tick Size (in Rs.)
S&P BSE SENSEX futures	0.05
S&P BSE SENSEX 50 futures	0.05
S&P BSE BANKEX futures	0.05
S&P BSE SENSEX options	0.05
S&P BSE BANKEX options	0.05
S&P BSE SENSEX 50 option	0.05
Stock Futures	0.05
Stock Options	0.05

1.5 Base price & price band applicable to the contracts

The base price of futures contract, on day of introduction of new contract, will be theoretical futures price. The base price of futures contract on subsequent trading days will be its daily close price. However if contract is not traded at all during the day, base price for next day will be theoretical price of futures contracts computed on that day. Base price of options contracts, on introduction of new contracts, will be theoretical value of the options contract arrived at based on Black-Scholes model of calculation of options premium.

The base price of option contracts on subsequent trading days will be its daily close price. However, if contract is not traded at all during the day, the base price will be theoretical price of such contracts arrived using Black-Scholes model computed on that day. The base price shall be disseminated in previous close field in market picture.

Calculation of theoretical base price of contracts as per Black –Scholes model

The base price for a call option shall be computed as follows:

C = S * N (d1) – X * e ^ (- rt)* N (d2)

And

The base price for a put option shall be computed as follows:

P = X * e ^ (- rt) * N (-d2) – S * N (-d1)

Where:

d1 = ln (S / X) + (r + s ^ 2 / 2) * t

s *√ t

d2 = ln (S / X) + (r – s^ 2 / 2) * t

s * √t

= d1 - s * √t

And

C = price of a call option
P = price of a put option
S = price of the underlying asset
X = Strike price of the option
r = rate of interest
t = time to expiration
s = volatility (Volatility shall be the higher of the underlying volatility or the near month futures contact volatility on the relevant day.)
N represents a standard normal distribution with mean = 0 and standard deviation = 1, and ln represents the natural logarithm of a number. Natural logarithms are based on the constant e (2.71828182845904).

Please refer to the circular link for price bands of index and stock futures and options contracts
- Master Circular - Surveillance (Equity Derivatives Segment)

Relevant Notices:

Notice no.	Date
20230412-45	April 12,2023
20190208-48	February 08, 2019
20160323-31	March 23,2016
20111007-21	October 07, 2011

1.6 Risk Reduction Mode (RRM) functionality

Exchange had introduced Risk Reduction Mode (RRM) functionality.

Salient features of this functionality are:
- Trading Members shall be put in RRM on 90% (or as per threshold percentage defined by clearing corporations) utilization of the collateral deposited.
- All unexecuted orders shall be cancelled & returned to the member when in RRM mode.
- Once in RRM, only fresh orders that reduce open position (square-up orders) are allowed to get back within the permissible limit.
- Trading Members are allowed to reduce open positions by generating 1 order for each end-client against each open position in a security.
- Fresh orders which reduce open position shall not be accepted.
- Members shall be moved back to normal risk management mode once collateral utilization is reduced below 85%.(or as per threshold percentage defined by clearing corporations)

Relevant Notices:

Notice no.	Date
20130107-18	January 07, 2013

1.7 Corporate Actions

Corporate actions mean and include dividend, bonus, rights shares, and issue of shares as a result of stock split, stock consolidations, and schemes of mergers/de C mergers, spin-offs, amalgamations, capital restructuring and such other privileges or events of a similar nature announced by the issuer of the underlying securities. The Exchange may make such modifications as may be deemed necessary including modifications in the open interest and/or contract specifications in accordance with the rules, byelaws and regulations of the Exchange and as specified by SEBI from time to time.

The basis for any adjustment for corporate action shall be such that the value of the position of the market participants on cum and ex-date for corporate action shall continue to remain the same as far as possible. This will facilitate in retaining the relative status of positions viz. in-the-money, at-the-money and out-of-money. This will also address issues related to exercise and assignments.

Any adjustment for corporate actions shall be carried out on the last day on which a security is traded on the cum basis in the underlying Capital market segment.

Adjustments shall mean modifications to positions and/or contract specifications as listed below such that the basic premise of adjustment laid down above is satisfied:

1. Strike Price
2. Position
3. Market Lot/Multiplier

The adjustments shall be carried out on any or all of the above based on the nature of the corporate action. The adjustments for corporate actions shall be carried out on all open, exercised as well as assigned positions.

Exchange gives notice of four weeks to the market for any change in the contract specifications and also in case of change in a constituent of an Index on which derivatives are available.

The methodology proposed to be followed for adjustment of various corporate actions to be carried out shall be as follows:

Bonus, Stock Splits and Consolidations

Strike Price: The new strike price shall be arrived at by dividing the old strike price by the adjustment factor as under.

Market Lot / Multiplier: The new market lot/multiplier shall be arrived at by multiplying the old market lot by the adjustment factor as under.

The adjustment factor for Bonus, Stock Splits and Consolidations is arrived at as follows:

Bonus
Ratio – A: B Adjustment factor: (A+B)/B

Stock Splits and Consolidations
Ratio – A: B Adjustment factor: A/B

Right Issue
Ratio – A: B and Issue price of rights is S.
Adjustment factor: $(P-E)/P$
Where P = Spot price on last cum date

$E = (P-S) \times A / (A+B)$

Strike Price:
The new strike price shall be arrived at by multiplying the old strike price by the adjustment factor as under.

Market Lot:
The new market lot/multiplier shall be arrived at by dividing the old market lot by the adjustment factor as under.
The above methodology may result in fractions due to the corporate action. Therefore, the strike prices shall be rounded off to the nearest tick size and the lot size shall be rounded off to the nearest integer.

Extra Ordinary Dividends:
Dividends which are below 2% of the market value of the underlying stock would be deemed to be ordinary dividends and no adjustment in the strike price would be made for ordinary dividends. For extra-ordinary dividends, above 2% of the market value of the underlying stock, the strike price and base price of the contracts would be adjusted.
The Exchange may on a case to case basis carry out adjustments for other corporate actions as decided by the Exchange in conformity with the above guidelines

Adjustment for Corporate Actions in case of Mergers / Demergers

Mergers:

Pursuant to the decision of the Sub-Committee of SEBI Advisory Committee on Derivatives, the following adjustments shall be made for the Options and Futures contracts on an underlying in case of its merger with any other company.

a. On the announcement of the record date for the merger, the exact date of expiration (Last Cum-date) of the contracts would be informed to the members.
b. After the announcement of the Record Date, no fresh contracts on Futures and Options would be introduced on the underlying, that will cease to exist subsequent to the merger.
c. Un-expired contracts outstanding as on the last cum-date would be compulsorily settled at the settlement price. The settlement price shall be the closing price of the underlying on the last cum-date.

Demerger:

All the following conditions shall be met in the case of shares of a company undergoing restructuring through any means for eligibility to re-introduce derivative contracts on that company from the first day of listing of the post restructured company/(s) "s (as the case may be) stock (herein referred to as post restructured company) in the underlying market,

a. the futures and options contracts on the stock of the original (pre restructure) company were traded on any Exchange prior to its restructuring;

b. the pre restructured company had a market capitalisation of at least Rs.1000 crores prior to its restructuring;

c. the post restructured company would be treated like a new stock and if it is, in the opinion of the Exchange, likely to be at least one-third the size of the pre restructuring company in terms of revenues, or assets, or (where appropriate) analyst valuations; and

d. in the opinion of the Exchange, the scheme of restructuring does not suggest that the post restructured company would have any characteristic (for example extremely low free float) that would render the company ineligible for derivatives trading,

If the above conditions are satisfied, then the Exchange shall take the following course of action in dealing with the existing derivative contracts on the pre-restructured company and introduction of fresh contracts on the post restructured company:

a. All existing contracts of the security shall be expired on the last cum date.

b. The Exchange shall introduce near month, middle month and far month derivative contracts on the stock of the restructured company from the ex-date of the demerger.

In subsequent contract months, the normal rules for entry and exit of stocks in terms of eligibility requirements would apply. If these tests are not met, the Exchange shall not permit further futures & options contracts on this stock and future month series shall not be introduced.

1.8 Strikes Price Interval

The strike price interval would not form part of the contract specifications and exchange would be free to introduce new strikes / contracts as per the demand of the market participants.

Minimum Number of Strikes shall be available on daily basis - 1 In the money, 1 At the money, 1 Out of the money.

New strikes are introduced for trading on the next working day based on the previous day's underlying closing values.

Relevant Notices:

Notice no.	Date
20230620-9	June 20,2023
20230322-18	March 22,2023
20221222-4	December 22,2022

1.9 Revision of market lot of futures and options contracts

Pursuant to SEBI circular number CIR/MRD/DP/14/2015 dated July 13, 2015 revision in market lot of futures and options contracts shall be as follows:

a. The lot size for derivatives contracts in equity derivatives segment shall be fixed in such a manner that the contract value of the derivative on the day of review is within Rs. 5 lakhs and Rs. 10 lakhs.

b. For stock derivatives, the lot size (in units of underlying) shall be fixed as a multiple of 25, provided the lot size is not less than 50. However, if the contract value of the stock derivatives at the minimum lot size of 50 is greater than Rs. 10 lakhs, then lot size shall be fixed as a multiple of 5, provided the lot size is not less than 10.

c. For index derivatives, the lot size (in units of underlying) shall be fixed as a multiple of 5, provided the lot size is not less than 10.

The lot size shall be reviewed and revised once in every 6 months based on the average of the closing price of the underlying for last one month and wherever warranted, revise the lot size by giving an advance notice of at least 2 weeks to the market. If the revised lot size is higher than the existing one, it will be effective for only new contracts. In case of corporate action, the revision in lot size of existing contracts shall be carried out as per SEBI circular SMDRP/DC/CIR-15/02 dated December 18, 2002.

1.10 Trade Modification

While executing the trade for the said client, the broker enters the unique client code allotted to the client. However, there are instances wherein the wrong code is entered by the broker while executing the trade. For trading member, trade modification functionality is available in Exchange web based system called as RTRMS (Real-Time Risk Management) ZT system. In RTRMS-ZT system facility has been provided to Trading member to modify client code for Equity Derivatives Segment.

Trade Modification time -:- 9:15 am to 4:15 pm

Trade modification rights now can be assigned to multiple sub users (upto 3 sub-users) in RTRMS-ZT system. Using this, members can now assign a set of trader IDs (which are used for trading on the Exchange trading system) to a sub-user. In this way, all trader IDs of a member can be distributed across 3 sub-users within RTRMS-ZT system for carrying out trade modification activity. Each such sub-user can then carry out trade modification activity for trades done through the trader IDs assigned to it.

For Further details refer to Master Circular – Broker Supervision Department

Relevant Notices:

Notice No.	Date
20230626-1	June 26,2023
20170915-26	September 15, 2017

1.11 Contract Specification

Contract Specification for Index Futures contracts

Parameters	Specification
Contract Period	1,2,3 Month and weekly
Tick Size	Rs. 0.05
Trading Hours	9:15 am to 3:30 pm
Last Trading/Expiration Day	For S&P BSE SENSEX and S&P BSE BANKEX-Last Friday of each contract maturity month. (Friday of the week for weekly contracts). For S&P BSE SENSEX50-Last Thursday of each contract maturity month. (Thursday of the week for weekly contracts) **Note:** A. Business day is a day during which the underlying stock market is open for trading. B. If expiry day is a holiday, then the immediately preceding business day.
Final Settlement	Cash Settlement. On the last trading day, the closing value of the underlying index would be the final settlement price of the expiring futures contract.

Contract Specifications for Single Stock futures Contracts

Parameters	Specification
Contract Period	1,2,3 Month and weekly
Tick Size	Rs.0.05
Trading Hours	9:15 am to 3:30 pm

Last Trading/Expiration Day	Last Thursday of each contract maturity month. **Note:** A. Business day is a day during which the underlying stock market is open for trading. B. If expiry day is a holiday, then the immediately preceding business day.
Final Settlement	Physical Settlement. On the last trading day, the closing value of the underlying stock is the final settlement price of the expiring futures contract

Contract Specification for Index Options contracts (Monthly & Long Dated Options)

Parameters	Specification
Contract Period	1,2 & 3 Months and weekly, Long dated (only S&P BSE SENSEX)
Tick Size	Rs. 0.05
Exercise Style	European
Trading Hours	9:15 am to 3:30 pm
Settlement Style	Cash
Premium quotation	In index points
Strike Price Intervals	Shall have 3 strikes (1 in-the-money, 1 at-the-money, 1 out-of-the-money)
Last Trading/Expiration Day	For S&P BSE SENSEX and S&P BSE BANKEX-Last Friday of each contract maturity month. (Friday of the week for weekly contracts). For S&P BSE SENSEX50-Last Thursday of each contract maturity month. (Thursday of the week for weekly contracts) **Note:** A. Business day is a day during which the underlying stock market is open for trading.

	B. If expiry day is a holiday, then the immediately preceding business day.

Contract Specification for Stock Options contracts

Parameters	Specification
Contract Period	1,2 & 3 Months and weekly
Exercise Style	European
Trading Hours	9:15 am to 3:30 pm
Settlement Style	Physical
Premium quotation	Rs. per share
Strike Price Intervals	Shall have 3 strikes (1 in-the-money, 1 at-the-money, 1 out-of-the-money)
Last Trading/Expiration Day	Last Thursday of each contract maturity month. **Note:** A. Business day is a day during which the underlying stock market is open for trading. B. If expiry day is a holiday, then the immediately preceding business day.

Website Link -
https://www.bseindia.com/static/markets/Derivatives/DeriReports/contractindex.aspx

1.12 Transaction Charges

Basis of applicability of transaction fees
For stock options and index options, transaction fees will be applicable on the Premium value (premium X quantity) at the time of trading.

Definition of Passive Orders and Active Orders
Passive Orders: Passive orders are defined as the orders that are already existing in the order book at the time of matching (trade taking place).

Active Orders: Active orders are defined as the orders that are matched against the orders already existing in the order book at the time of matching (trade taking place)

The following transaction fees are applicable with effect from May 02,2022 in Exchange's Equity Derivatives segment:

Equity Derivatives	Transaction Charges Rs. Per Crore of premium turnover (both side of trades)
All Options contracts (Index and Stock) in equity derivatives segment	Rs.500

The above transaction fees will be applicable uniformly across all valid orders executed in the Exchange's Equity Derivatives segment. Executed orders will be identified as passive or active on the basis of their respective time stamps assigned by the BSE system.

Relevant Notices:

Notice No.	Date
20220425-2.	April 25,2022
20190819-14	August 19,2019

2. Trading Hours and Trading Holidays

2.1 Trading Hours

Session	Start Time	End Time
Log-in	7:50 am	9:15 am
Continuous Trading	9:15 am	3:30 pm
Trade Modification and Give up/Take up	--------	4:15 pm

2.2 Trading Holidays

Trading Members are hereby informed that the Exchange shall observe following Trading Holidays during the Calendar Year 2023 for Equity Derivatives Segment:

Sr.No.	Holidays	Date	Day
1	Republic Day	January 26,2023	Thursday
2	Holi	March 07,2023	Tuesday
3	Ram Navami	March 30,2023	Thursday
4	Mahavir Jayanti	April 04,2023	Tuesday
5	Good Friday	April 07,2023	Friday
6	Dr.Baba Saheb Ambedkar Jayanti	April 14,2023	Friday
7	Maharashtra Day	May 01,2023	Monday
8	Bakri Id	June 29,2023	Thursday
9	Independence Day	August 15,2023	Tuesday
10	Ganesh Chaturthi	September 19,2023	Tuesday
11	Mahatma Gandhi Jayanti	October 02,2023	Monday
12	Dussehra	October 24,2023	Tuesday
13	Diwali Balipratipada	November 14,2023	Tuesday
14	Gurunanak Jayanti	November 27,2023	Monday
15	Christmas	December 25,2023	Monday

* Muhurat Trading shall be held on November 12,2023 (Diwali – Laxmi Pujan). Timings of Muhurat Trading shall be notified subsequently.

The Exchange may alter / change any of the above holidays, for which a separate circular shall be issued in advance.

Relevant Notices:

Notice No.	Date
20230627-2	June 27,2023
20221208-31	December 08, 2022

2.3 Extension of Market Hours

Trading Members are informed that in the event of any untoward instance or circumstance resulting in members not being able to trade due to loss of access to the trading system, the Exchange may extend the trading hours after carrying out preliminary study/assessment of the problem and for such period as may be deemed necessary, If 25 % of the normally active trading terminals are not able to trade due to loss of access to / non-availability of the trading system of the Equity Segment, then Exchange may extend trading hours of Equity Segment & Equity Derivative Segment, but may not extend the market hours of the Currency Derivative segment.

Extension of Trading hours due to technical glitch – Refer to BSE circular link Standard Operating Procedure for handling of Stock Exchange Outage and extension of trading hours thereof

Relevant Notices:

Notice No.	Date
20230110-20	January 10,2023
20140404-41	April 04, 2014

2.4 Market Close for Trading

Trading Members are informed that in the event of any untoward instance or circumstance resulting in members not being able to trade due to loss of access to the trading system, the Exchange may extend the trading hours after carrying out preliminary study/assessment of the problem and for such period as may be deemed necessary, If 40 % of the normally active trading terminals are not able to trade due to loss of access to / non-availability of the trading system of the Equity Segment, then Exchange may close Equity Segment & Equity Derivative Segment but may keep the Currency Derivative Segment open.

Relevant Notices:

Notice No.	Date
20140404-41	April 04, 2014

2.5 Index Based Market-Wide Circuit Breaker Mechanism

According to Exchange Circular issued on October 11, 2013

a. **Daily revision of index based market-wide circuit breaker limits:**

- The stock exchange on a daily basis shall translate the 10%, 15% and 20% circuit breaker limits of market-wide index variation based on the previous day's closing level of the index. Additionally, a 15 minutes pre-opening session post each trading halt will be introduced.

b. **Resumption of trading after the halt with a pre-open call auction session:**

- The index-based market-wide circuit breaker system will apply at 3 stages of the index movement, either way viz. at 10%, 15% and 20%. These circuit breakers when triggered will bring about a coordinated trading halt in all equity and equity derivative markets nationwide. The market-wide circuit breakers are triggered by movement of either the S & P BSE Sensex or the NSE CNX Nifty, whichever is breached earlier.

The trigger limits, respective halt duration and Pre Opening Session duration is given below:

Trigger Limit	Trigger Time	Halt duration	Pre-Opening Session duration post each halt
10 %	Before 1 Pm	45 Minutes	15 Minutes
	At or After 1 PM to 2.30 PM	15 Minutes	15 Minutes
	At or after 2.30 PM	No Halt	-
15 %	Before 1 PM	1 Hour 45 minutes	15 Minutes
	At or after 1 PM before 2 PM	45 Minutes	15 Minutes
	On or after 2 PM	Trading halt for the remainder of the day.	-
20 %	Any time of the day	Trading halt for the remainder of the day.	-

***Index based market wide circuit breaker from October 14, 2013 onwards**

Relevant Notices

Notice No.	Date
20131011-22	October 11, 2013

2.6 Mock Trading Schedule

Mock trading sessions are conducted by the Exchange from time to time for periodical testing of trading infrastructure and its recovery and response mechanisms. Large scale participation of members is quintessential for the success of such sessions.

In order to enable members to chart out their own testing schedule in line with these mock trading sessions, the Exchange is publishing an indicative schedule of mock trading sessions for the year 2023, as given below. Detailed instructions for each session shall be published through separate notice subsequently.

Sr. No	Date
1	January 07,2023
2	February 04,2023
3	March 04,2023
4	April 01,2023
5	May 06,2023
6	June 03,2023
7	July 01,2023
8	August 05,2023
9	September 02,2023
10	October 07,2023
11	November 04,2023
12	December 02,2023

Relevant Notices:

Notice No.	Date
20221219-12	December 19,2022

3.   Compliances

3.1 Trade Annulment

Policy for Annulment of trades undertaken on the Exchange

In line with SEBI Circular no. CIR/MRD/DP/15/2015 dated July 16, 2015 following provisions are stated regarding policy for annulment of trades undertaken on stock exchanges.

A.   SEBI in Para No. 2.1 of its circular prescribes that;

   "2.1. Examination of trade(s) for annulment may be taken up either suomoto by stock exchange or upon receipt of request from a stock broker. Stock exchanges shall define suitable criteria so as to discourage frivolous trade annulment requests from the stock brokers."

B.   In view of the aforementioned and in order to ensure that there are no frivolous requests being referred to the Exchange, the framework of processing the trade annulment requests from trading members for trades executed on the exchange trading platform is being laid down in this circular.

C.   However, Trading members are required to take note of the following:

   i.   Appropriate risk management checks and due precautions implemented by the trading members at their end to mitigate the need for making such requests.

   ii.   Only in exceptional situations requests for trade annulment shall be made by the trading members.

   iii.   Trade annulment request once submitted shall not be allowed to recall / cancel and shall be considered as valid trade annulment request for the purposes of the framework suggested herein.

   iv.   All trade related charges including statutory charges arising out of the trade/s being requested for annulment shall remain unchanged regardless of final outcome of trade annulment requests.

   v.   Each submitted trade annulment request shall be charged with 5 % of the Transaction value of trade/s being requested for annulment or Rs. 1 Lakh whichever higher. The upper cap on such allocation fee shall be Rs. 10 Lakhs. Fees may be reviewed from time to time to discourage frequent / frivolous requests.

vi.   Requests submitted to the Exchange shall not be deemed to surety of annulment of trades by the Exchange.

D.   Trade Annulment request - Eligibility Criteria for submission

The trade/s for which annulment is requested shall be called as "**Trade/s in question**" hereafter for brevity and shall have to fulfill all the conditions stated below for the Exchange to accept it for further processing;

i.   Value of such trade/s in question shall be;

Future Contracts - Trade Value in case of Futures Contract is at least Rs. 20 Lac

OR

Option Contract - Trade Premium value is at least Rs. 20 Lacs

Where a trade refers to a single transaction of Rs. 20 Lacs & above or series of transactions emanating out of a single order with aggregate value of Rs. 20 Lac and above.

And

ii.   It shall be the first request for annulment by the trading members during the calendar Quarter in the segment

And

iii.   Trade Annulment request submitted within 30 minutes from the occurrence of the trade.

And

iv.   Trade/s in question are not arising out PAN based wash trades.

E.   Processing of Trade Annulment requests made by the Trading members

While examining such requests and the potential effect of such annulment on trades of other stock brokers/investors across the market, including trades that may have occurred as an outcome of trade(s) under question, BSE shall decide to reject, accept such request and may carry out price reset for such trade/s.

Trade Annulment requests accepted based on the conditions specified in Para 4, shall be accepted for further processing & examination w.r.t. following conditions for further decision. Any request which do not qualify the below criteria shall be rejected. In case where the prescribed criteria is found to be meeting, the Exchange shall undertake price reset for such trade in question:

  i. Minimum 20 trades in the security excluding the trades in question.

     And

 ii. **Future Contracts**: Variation of the trade/s being requested for annulment vis-a-vis its immediate preceding trade is at least equivalent to the applicable price band of the respective Future contract.

     Option Contracts: Variation of the trade/s being requested for annulment vis-a-vis its immediate preceding trade is at least equivalent to "X%" of difference between the Upper and Lower price band value of the respective option contract.

     And

iii. Counterparty/ies agrees for price reset. For the cases, a trade annulment request is relating to multiple trades arising out of single orders with multiple counterparties, only those trades where the counterparty agrees for trade annulment / price rest shall be considered for the price reset.

     Counterparties shall confirm the acceptance or rejection in writing to the Exchange within 30 minutes from the intimation with reasons thereof. In case of no confirmation within the stipulated time, it shall be automatically construed as rejection by the Counterparty.

F. The Exchange shall expeditiously, not later than start of next trading day, examine and decide upon such requests. While examining such requests, the Exchange shall consider the potential effect of such annulment on trades across market.

G. The Exchanges shall undertake annulment or price reset only in exceptional cases in the interest of the investors, market integrity, and maintaining sanctity of price discovery mechanism.

H. As stated in the para 2.6 of the SEBI Circular, the Exchange based on impact of trades being requested for annulment on trades across market, including trades that resulted as an outcome of trade(s) under consideration shall undertake "Price Reset" whereby the prices of trade/s in question shall be adjusted with an appropriate price.

I. The adjusted price under the price reset mechanism shall be the volume weighted average price of all trades executed during the trading day (excluding the Trade/s in question in the security).

J. In line with para no. 2.8 of SEBI Circular, the Exchange shall coordinate with the other exchanges to take appropriate inputs at the time of arriving at decision on the trade annulment request received on its platform.

K. Exchange shall made due arrangements to publish the details of the trade annulment requests as per the para no. 2.4 & 2.9 of SEBI circular.

L. A mechanism to request a review of the decision taken by the Exchange shall be provided to the trading members and the trading member/s shall submit such request to the Exchange before the payout deadline of the trade/s in question.

    A detailed procedure along with the applicable charges for the said review shall be published in due course.

M. As prescribed in SEBI Circular para no. 4, a framework for penalty for entering erroneous orders shall be published in due course. This shall be in addition to all the processing charges mentioned in this circular so far.

N. It may be noted that Exchange, can suo moto initiate annulment of trade/s in the events having market wide impact including willful misrepresentation or manipulation or fraud, trade/s may be annulled as provided in the Rules, Bye Laws and Regulations of Exchange.

Further, the Exchange has enabled an online facility for trading members to submit their request for trade annulment in RTRMS-ZT terminal.

Features of this facility are as follows:
- Trade annulment request for each segment can be submitted electronically using a separate menu option provided in RTRMS-ZT system
- Request for trade annulment can be made for same day trades only. Accordingly, trading member can view and select the trade for which the annulment request is required to be submitted to the Exchange.
- Request submitted by a member shall also be sent to the counter-party member of that trade. A new user interface called as "View Trade Annulment Request" shall be provided as a separate menu option for each segment in RTRMS-ZT system to view the request(s) received.
- Counter-party member can update their response as Agree/Disagree for every request received before end of cut-off time of the online facility.
- Cut-off Timings shall be as follows -
    - Equity Derivatives segment: 4:30 pm
- A unique request ID shall be generated for every request submitted.

- An automated email shall be sent to the member on submission of trade annulment request. Similar email shall also be sent to the counter-party member, based on which the member can view the request received in RTRMS-ZT system. This email shall be sent to the email ID of compliance officer of the concerned member (as available in Exchange records).

Mechanism for seeking review of the Exchange's decision on Trade Annulment/Cancellation.

A. Submission of Review Request:

   i.   The trading member who had submitted the trade annulment request online in RTRMS-ZT system and whose request was rejected can submit the review request at the designated email id bse.tar@bseindia.com.

   ii. The review request shall be submitted with following particulars:

   - Trade Annulment Unique Request ID (as received from RTRMS-ZT system)
   - Member ID
   - Reasons for Review Request

   iii. The cut-off timings for submission of review request shall be as follows -
   Equity Derivatives segment: T Day - 8:00 pm

   iv. The Exchange shall inform the counterparty about the receipt of a trade annulment review request.

B. Processing of Review Request:

   i.   The Exchange shall refer the review request along with relevant particulars to the Exchange's Trading & Surveillance Oversight Committee as constituted under Regulation 29(1) of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012.

   ii. The pay-out with respect to both securities and funds as may be applicable relating to the settlement of such trades shall be withheld till such review is completed.

   iii. Trading & Surveillance Oversight Committee shall examine the request and provide its recommendations to the Exchange within 30 days of the receipt of the review request.

iv.   On receipt of the recommendation from the Trading & Surveillance Oversight Committee, the Exchange would convey the decision as soon as possible but not later than two working days.

C.   The decision taken by the Trading & Surveillance Oversight Committee shall be final and binding on all parties and pay-out shall be released accordingly.

D.   The Exchange shall disseminate details of Trade Annulment Review Request and committee's decision thereof on its website www.bseindia.com under Markets/End-of-Day Reports/.

Relevant Notices:

Notice No.	Date
20150814-29	August 14,2015
20151009-10	October 09,2015
20151021-36	October 21,2015

3.2 Proprietary Trading

As directed by SEBI, it is hereby notified that Trading members are required to specify the nature of the order in terms of the order being placed is a Client order or it is on their OWN account at the time of order entry on the trading system.

In accordance with SEBI circular no. SEBI/MRD/SE/Cir-32/2003/27/08 dated August 27, 2003, Exchange is providing the facility of placing of orders on 'proprietary account' through trading terminals.

Accordingly, it has been decided that
- Facility of placing orders on own account through trading terminals is extended only at one location of the members as specified / required by the members
- Trading terminals located at places other than the above location shall have a facility to place orders only for and on behalf of a client by entering client code details as required / specified by the Exchange / SEBI.
- In case any member requires the facility of using own account through trading terminals from more than one location, such member shall be required to submit an undertaking to the stock exchange stating the reason for using the own account at multiple locations and the Exchange may, on case to case basis after due diligence, consider extending the facility of allowing use of own account from more than one location.
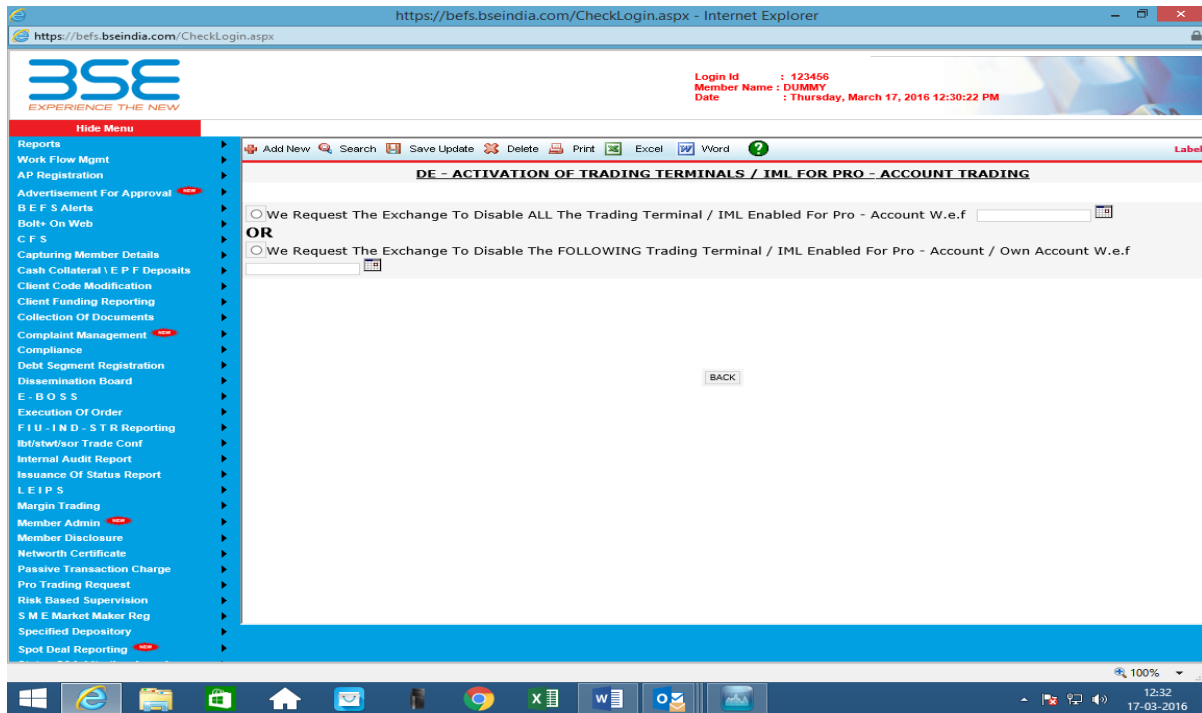
A. Process of application for Proprietary Trading

Exchange has provided facility on BSE Electronic Filing System (BEFS) portal to handle proprietary account trading applications electronically. The process has been listed as follows:

- Trading member shall be required to send a request for grant of permission for proprietary trading on a particular terminal id via letter on BEFS portal.
  - o   default location,
  - o   additional location (along with Undertaking for Additional Location)
  - *(Formats appended as Annexures below)*
- The address of the terminal id will be verified against the office addresses of the members registered with the Exchange. In case the address is not registered the member will be intimated via BEFS portal to share a copy of the address proof.
- Based on the trading profile of trading member, adequacy of Base Minimum Capital requirements for trading member will also be verified. In case of a shortfall, trading member will be required to replenish the same.
- In case the requested trading terminal is at the default location of trading member, the approval will be sent via auto-generated email from BEFS portal. However, if the requested trading terminal is from an additional location, an approval letter will be made available to trading member on Extranet.
- Pro Enablement Request through BEFS Application

- Pro Disablement Request through BEFS Application

Relevant Notices:

Notice No.	Date
20070528-8	May 28, 2007
20070516-4	May 16, 2007
20030909-1	September 9, 2003

3.3 Trading Through Other Trading Member

- A Stock broker of an exchange cannot deal with brokers of the same exchange either for proprietary trading or for trading on behalf of clients, except with the prior permission of the Exchange. The stock exchanges while giving such permission, shall consider the reasons stated by the brokers for dealing with brokers of the same exchange and after carrying out due diligence allow such brokers to deal with only one stock broker of the same exchange.

- A stock broker of an exchange can deal with only one broker of another exchange for proprietary trading after intimating the names of such stock broker to his parent stock exchange.

Relevant Notice:

Notice No.	Date
20040117-8	January 17, 2004

3.4 Eligibility Criteria of Stocks

SEBI vide circular number SEBI/HO/MRD/DP/CIR/P/2018/67 dated April 11, 2018 has reviewed framework for stocks in Derivatives segment:

The stocks would be chosen from amongst the top 500 stocks in terms of average daily market capitalization and average daily traded value in the previous six-month period on a rolling basis.

For a stock to be eligible, the median quarter-sigma order size over the last six months should not be less than Rs. 25 lakh . For this purpose, a stock's quarter sigma order size shall mean the order size (in value terms) required to cause a change in the stock price equal to one-quarter of a standard deviation.

The Market Wide Position Limit in the stock shall not be less than Rs 500 crore . The Market Wide Position Limit is valued taking into consideration 20% of number of shares held by Non-Promoters (i.e. free-float holdings) in the relevant underlying stock and the closing prices of the stock in the underlying cash market on the date of expiry of contract in the month. Market Wide Position Limit is calculated at the end of every month.

Average Daily Delivery value in cash market shall not be less than Rs.10Crs in previous six months on rolling basis.

Above criteria are to be met for a continuous period of six months.

If any stocks do not meet any of the eligibility criteria for a continuous period of three months, then they shall exit from derivatives segment.

The methodology used for calculating quarter sigma order size is as follows:

Quarter sigma order size is calculated by taking four snapshots in a day from the order book of the stock in the past six months.

The sigma (standard deviation) or volatility estimate is calculated in the manner specified by Prof. J. R. Varma Committee on Risk Containment Measures for Index Futures. This daily closing volatility estimate value is applied to the day's order book snapshots to compute the order size.

The quarter sigma percentage is applied to the average of the best bid and offer price in the order book snapshot to compute the order size to move price of the stock by quarter sigma.

The median order size to cause quarter sigma price movement is determined separately for the buy side and the sell side. The average of the median order size for the buy and the sell side is taken as the median quarter sigma order size.

The quarter sigma order size in stock is calculated on the 15th of each month, on a rolling basis, considering the order book snapshots in the previous six months. Similarly, the average daily market capitalization and the average daily traded value is also be computed on the 15th of each month, on a rolling basis, to arrive at the list of top 500 stocks.

Relevant SEBI circulars - SEBI/HO/MRD/DP/CIR/P/2018/67 dated April 11, 2018, SEBI/HO/MRD/DP/CIR/P/2016/135 dated December 16, 2016, CIR/DNPD/3/2012 dated July 23, 2012, CIR/DNPD/4/2010 dated July 15, 2010.

3.5 Eligibility Criteria of Indices

The Futures Options Contracts on an index can be issued only if 80% of the index constituents are individually eligible for derivatives trading. However, no single ineligible stock in the index should have a weightage of more than 5% in the index. The index on which Futures and Options contracts are introduced shall be required to comply with the eligibility criteria on a monthly basis.

Framework for Derivatives on Index.

Framework for Index Derivatives -

1. The product success framework shall be applicable to all index derivatives at the underlying level. The framework shall not be applicable to flagship index of the exchange. The flagship index for BSE for the purpose of product success framework is S&P BSE SENSEX.

2. The criteria for evaluation of the index derivatives are as follows:

- 15% of trading members active in all index derivatives or 20 trading members whichever is lower should have traded in any derivative contract on the index being reviewed in each of the month during the review period.
- Trading on a minimum of 75% of the trading days during the review period,
- Average daily turnover of at least Rs. 10 crore during the review period, and
- Average daily open interest of Rs. 4 crore during the review period

3. Each of the above criteria shall be satisfied for continuation of the derivatives on the given index. If any index fails to satisfy any of the above mentioned criteria, then no fresh contracts shall be issued on that index. However, the existing unexpired contracts may be permitted to trade till expiry and new strikes may also be introduced in the existing contracts.

Surrogate / Pseudo index

1. However, even if an index does not fulfil all the criteria during a review, the Exchange may not discontinue derivatives on that index provided there is a surrogate/pseudo index in another exchange(s), which continue to meet the evaluation criteria on the respective exchange. The index under review must have been surrogate/pseudo to another index on the date of review and must have remained as such for the major duration of the review period.

2. For this purpose, an index may be considered to be surrogate/pseudo of another index, if all the following conditions are met:

   - However, even if an index does not fulfil all the criteria during a review, the Exchange may not discontinue derivatives on that index provided there is a surrogate/pseudo index in another exchange(s), which continue to meet the evaluation criteria on the respective exchange. The index under review must have been surrogate/pseudo to another index on the date of review and must have remained as such for the major duration of the review period.
   - For this purpose, an index may be considered to be surrogate/pseudo of another index, if all the following conditions are met:
   - The number of constituents is equal in both the indices. If not, then the number of constituents in the smaller index (index with smaller number of constituents) is not less than 80% of the number of constituents in the larger index,
   - At least 50% of the constituent stocks in the larger index are also part of the smaller index, and

- The correlation between the two indices is at least 0.90 for the previous 6 months on a rolling basis.

An index in an exchange shall have only one pseudo/surrogate index per exchange.

1. All index derivatives would be reviewed semi-annually in the first week of April and October based on the data for the preceding six months i.e. period of review would be October to March for the April review and April to September for the October review.

2. Only those index derivatives which have completed at least 21 months from the launch month would be liable for review.

3. Once an index is excluded from the derivatives list, it shall not be considered for re-inclusion for a period of at least six months. Exchanges may consider re-launching derivative contracts on the same index after carrying out suitable modification(s) in contract specifications based on market feedback, after a cooling off period of at least six months, subject to SEBI approval.

3.6 Debarred Client

In order to facilitate effective compliance of the various SEBI orders for debarred entities by the trading members of the Exchange, the Exchange has implemented the initiatives wherein the orders entered for debarred entities (wherever PAN available) will be rejected as an invalid order on the Trading System itself and the trading member will receive a message as follows:

Error code: 210

Error Text: Client is debarred for member

Further, the trading members are advised to take note of the following:

- The trading members are advised to exercise extra caution and due-diligence at their end while executing trades on behalf of their debarred clients.

Relevant Notices:

Notice No.	Date
20170505-35	May 05,2017
20090916-8	September 16, 2009
20090831-12	August 31, 2009

Following is the website link for details on debarred entities :

https://www.bseindia.com/investors/debent.aspx?expandable=5

3.7 Self-Trade Prevention Check (STPC) Functionality

With an objective to bring in more transparency, the Exchange, as a proactive measure introduced a functionality called the Self Trade Prevention Check, to prevent self-trades at the time of order matching at the UCC level in first phase, which was introduced in the derivatives segment on February 02, 2015.

The Exchange later extended the same functionality on PAN level on September 14, 2015 in the Equity Derivatives segment.

Self-trade prevention check is a feature that prevents matching between a buy & a sell order entered by single broker or multiple brokers –
• In the same order book
 • For the same client code - Originating from same or different terminals of the broker
• For different client codes having same PAN - Originating from trading terminals of different brokers.

 FAQ on Self-trade Prevention Check for Equity Derivatives segments

Relevant Notices:

Notice No.	Date
20230412-45	April 12,2023
20220331-47	March 31,2022
20190503-18	May 03,2019
20160114-36	January 14, 2016
20150910-21	September 10, 2015
20150127-30	January 27, 2015
20150116-30	January 16, 2015
20160114-36	January 14, 2016

3.8 Price Reasonability Check and Reversal Trade Prevention Check (RTPC)

Price reasonability check (PRC) functionality was introduced as a measure to further strengthen the Exchange's pre-trade risk management framework. In PRC functionality, each new (incoming) limit order price is validated with the Exchange defined Price Reasonability Range (PRR). PRR is dynamically computed and applied by the trading system using a real-time reference price. The PRC functionality is applicable for all futures and option contracts of Equity Derivatives segment –
For more details on the PRC functionality and its applicability, please refer to the notices given below -

FAQ on Price Reasonability Check (PRC) functionality

Relevant Notices:

Notice No.	Date
20230412-45	April 12,2023
20220331-47	March 31,2022
20200214-17	February 14,2020
20180830-38	August 30,2018
20160205-15	February 05,2016
20160113-2	January 13, 2016
20160205-15	February 05,2016

Reversal Trade Prevention Check (RTPC)

Reversal Trade Prevention Check (RTPC) was introduced by the Exchange as a pro-active measure with an intention to prevent potential cases of trade reversal taking place on the Exchange trading platform. In this check, the second leg (latest leg) of a reversal trade on the same trading day is automatically cancelled by the Exchange at the time of order matching in an on-line real time manner in the trading system.
For more details on the RTPC functionality and its applicability, please refer to the notices given below

FAQ on Reversal Trade Prevention Check in Equity Derivatives

Relevant Notices:

Notice No.	Date
20230412-45	April 12,2023
20220331-47	March 31,2022
20191210-22	December 10,2019
20190920-28	September 20,2019
20190823-10	August 23,2019
20180830-37	August 30,2018
20160310-40	March 10,2016
20160308-33	March 08,2016

3.9 Order to Trade

BSE has always made efforts to enhance its trading system and provide fair and equitable market access to all trading members. This enables the Exchange to provide all market participants with the fastest trading experience in the world with a speed of 6 microseconds. In this direction, Exchange has implemented changes like charges for high order to trade ratio.

The purpose of implementing this measure is to control potential cases of order spoofing, order stuffing, algo misfire etc. and ensure orders are closer to market prices so that the depth available for trading near the market price improves for investors. Various International Stock Exchanges have similar framework for charging in case a member's algo places very large number of orders with very few trades.

Order flow rate in equity segment –
All Session IDs of all members will have the same order per second value irrespective of their monthly OTR or Turnover.

All High Frequency (Non-Persistent) sessions IDs will have an Orders Per Second (OPS) of 1000 messages per 1000 milliseconds. Further, there shall be no change in the order flow rate for the persistent (LF) users

Alternative No.	Description	No. of messages	Monitoring Time Interval	Throughput (Messages per second)
I	HF or Non-Persistent Session ID	1000	1000 milliseconds	1000
II	LF or Persistent Session ID	500	1000 milliseconds	1000

Thus, to summarize there will be only 2 alternative available which will be as follows: -

In addition to above, each member can have maximum 5 session IDs which will be assigned an OPS of 2000 messages per second in each segment. These sessions can be HF or LF or combination of both. The member must inform to exchange about the sessions which require OPS of 2000 messages. Any member who would like to inform their Session IDs, may send their request to the Trading Operations team at the email ID - user.trdops@bseindia.com. The subject of the mail should be "2000 OPS Session ID List".

Charges for high Order to Trade ratio –

The order to trade ratio for each stock of equity and contract of equity derivatives will be calculated individually. If the order to trade ratio in any stock /contract exceeds 500:1 then an additional charge of Rs. 0.01 will be charged per 100 orders in that stock /contract.

The said charges levied in each stock /contract will be aggregated at member level daily and shall be collected monthly, after reckoning all orders and trades of the member

The said charges will be applicable from October 01, 2019.

Trading members are requested to note the details of order to trade ratio (OTR) framework as follows –

All orders placed in the Equity and Equity derivatives segment shall be brought under this order to trade framework. For the purpose of calculation of Daily Order-to-Trade ratio all the orders, i.e., order entry, order modifications and order cancellations will be considered.

In Equity Segment, securities which are part of SME, ETF and securities in which market making is done shall be excluded for computation of OTR. Orders placed in Odd Lot Market, Auction Market, Block Trading Session, Pre-open session, Post Close Session, Periodic Call Action session and Call auction in Pre-open session for Initial Public Offering (IPO) and other category of Scrip's shall also be excluded for the computation of OTR.
The above charges will be exempted for 100000 orders in each stock /contract for each day.

Relevant Notice

Notice No	Date
20210426-36	April 26,2021
20190930-45	September 30,2019
20190918-14	September 18,2019

4. IT Applications and Facilities

4.1 Online Trade download (OTD)

OTD File facilitates members to receive online trades during trading hours in the form of a separate file generated at a particular machine location as required by the member for each segment subject to trading rights for that segment. This file is provided on real time basis (online trade file) to all trading members (TM) & Clearing members (CM). The file format of online trade file is same as end-of-day trade file.

4.1.1 Online Trade file Activation

Details to be provided by Members for connecting Online trade file application with BSE Trading System:-

    A. Trading member/ Clearing member to provide following details on email :- bsehelp@bseindia.com

    1. **Trading member code**: For example 9018

    2. **Trading member type:** For example TM/ CM/ PCM / TCM (For Equity Segment value to be provided as TM)

    3. **Mode of connection:** Lease line / Internet

    In case of Lease line: Lease line IP address of machine connected to BSE Exchange. For Example IP address in range of 10.xxx.xxx.xxx

    In case of Internet: Static IP of machine where OTD set-up will be is installed.

    4. **Segment:** Equity / Derivatives /Currency Derivatives

    B. Exchange will map details provided by trading member and provide configuration file (settings.ini) via e-mail. Trading member to copy same in the folder where Online Trade file (OTD.exe) is installed.

4.1.2 Online Trade file Installation guide

Installation Steps of Online Trade file application

    PREREQUISITES:-

    .Net Frame Work 4.0.

   Lease Line/Internet connectivity on the machine

    512MB RAM and above

    STEPS:-

    Download the Online trade file application available on following link :-

    http://www.bseindia.com/boltpluslivesetup.aspx

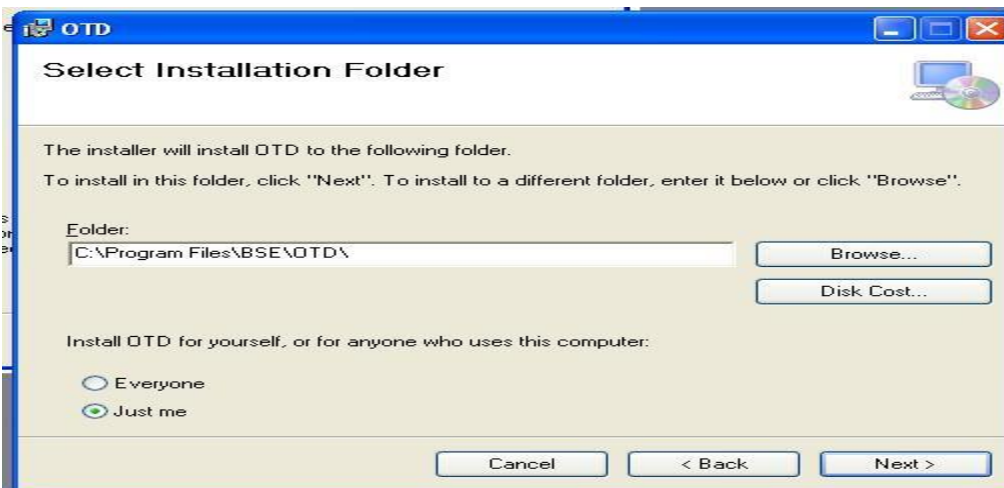   Double click on set up.exe (otd->otd->release->setup)

Click on next button during the installation process

Exe will be installed on default path c:\program files\bse\otd\otd.exe or path provided during installation.
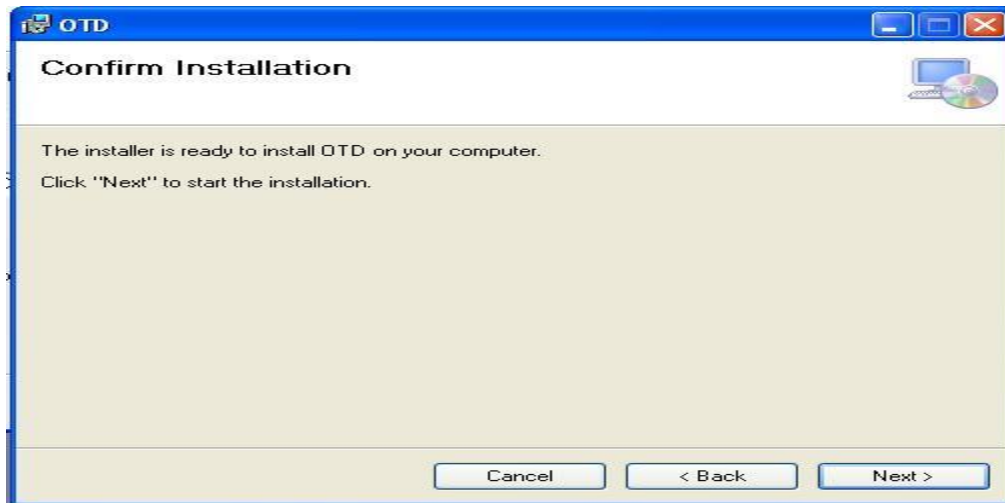
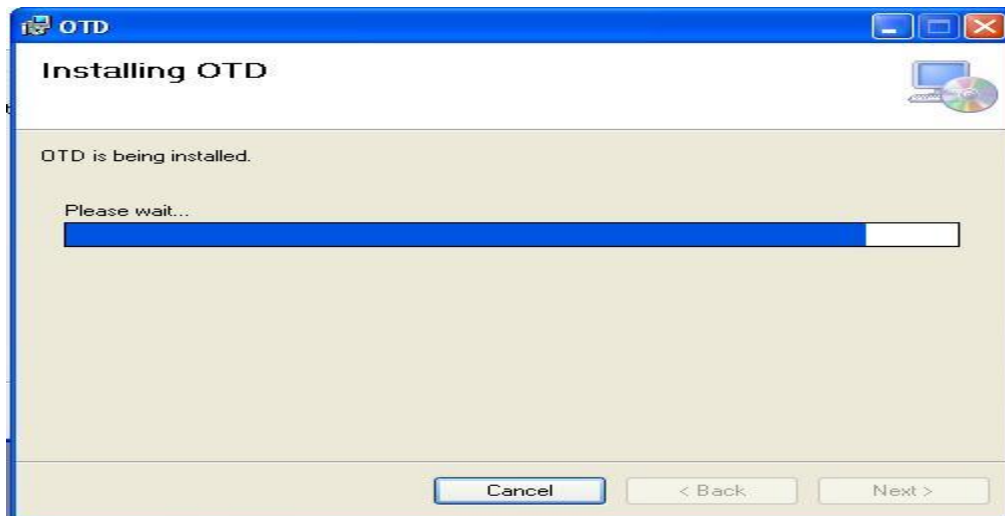Once setup is completed you will get quick icon 'OTD' on Desktop.
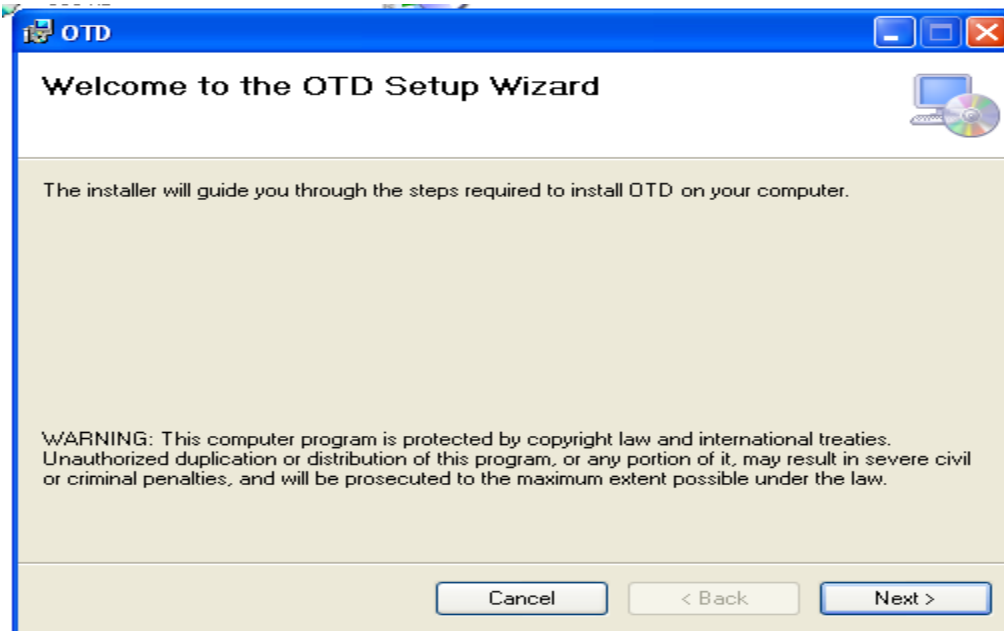
- Click on "next" to install the application on the machine. Is shown below.

- On clicking on "Next" the following screen is displayed.

- Click "Next"
- The next screen available to the member states that "OTD" is being installed as shown below

- Once "OTD" has been successfully installed into the system, the following screen appears
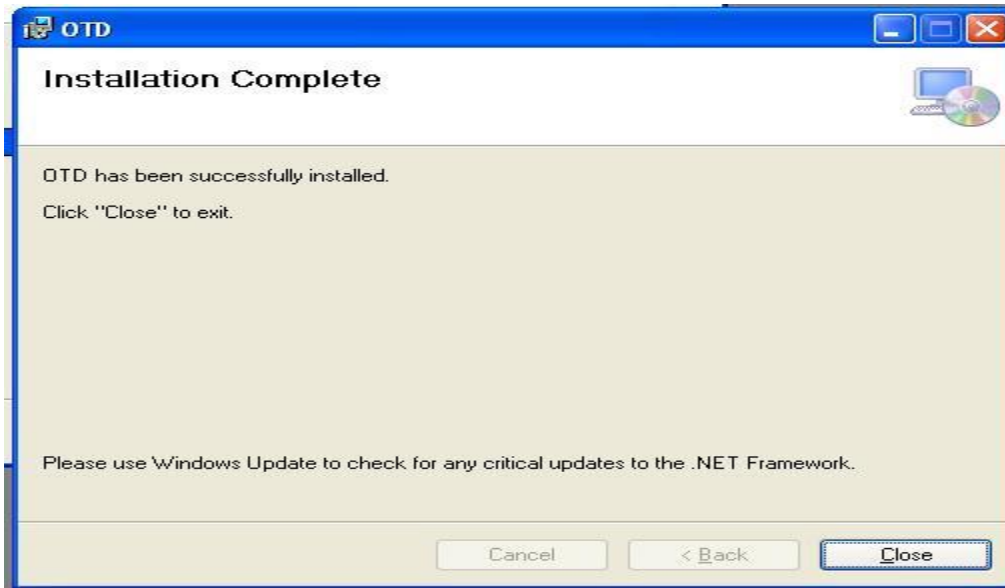
- Click on "close"
- The member can view a quick icon "OTD.exe" on desktop.
- If User Credentials are matched then following screen will be displayed indicating that connectivity has been established.
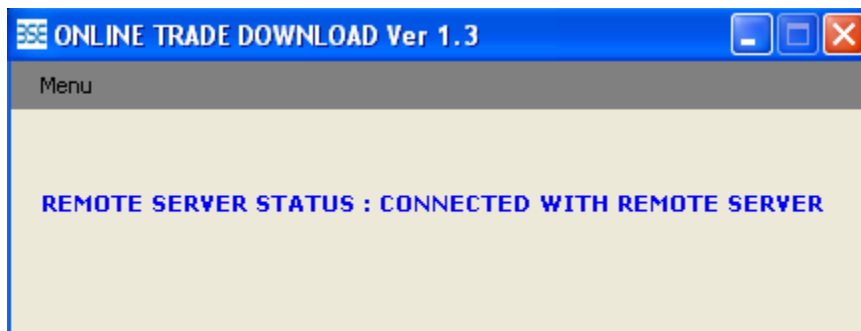
- In case of incorrect user credentials, following screen will appear.

- In case user want to download all the trades from start of the day till the current time then user can use the below **"Delta Download"** option.

- When user clicks on "Delta Download" option OTD set-up creates back-up of existing trade file and new trade file is generated in same folder.

4.1.3 How to use Online Trade file

A. Trading member to e-mail requested detail mentioned in point 1(A) to bsehelp@bsendia.com

B. Once the necessary mapping is completed members is provided configuration file (settings.ini) from Exchange, which needs to be copied within the OTD folder where 'OTD.exe' is installed.

C. User to click on 'OTD.exe' installed in his machine which will be connected to Exchange with message '**REMOTE SERVER STATUS: CONNECTED WITH REMOTE SERVER**' and auto Trade file generation will start.

D. The online trade file shall be generated in CSV format in the same folder where OTD.exe is present.

- Values provided in settings.in file by Exchange

REMOTESERVERIP=10.1.101.102
REMOTESERVERPORT=9011
MEMBERID=XXX (Member code)
BBSID=BAG89
LOGINID= XXX (Member code)
PASSWORD=BSE@98
ALLOWDOWNLOAD=Y
TIMESTAMP=08:00:00
RECONNECT=10000
INTERVALFORSENDDATA=30
MEMBERTYPE= (CM / TM)
1=EQ
2=EQD
3=BFX
4=SLB
0=OTHERS

4.1.3 DO's and DON'Ts

- Users should not keep online trade file open else auto updation of Trade file will not happen.
- To view trades, user should copy trade file from OTD Folder and save the trade file in different location. It is recommended to take the copy of file rather than reading file directly from the location where we are writing data in file.
- Do not close OTD.exe once the online trade file is downloaded. If OTD.exe is closed, auto updation of trades in online trade file will not happen.

Relevant Notices:

Notice No.	Date
20140207-28	February 07,2014
20170330-42	March 30, 2017

4.2 RTRMS Zero Terminal (ZT) System

The RTRMS-ZT for the Equity Derivatives segment is an enhanced version of the Admin terminal providing greater flexibility and control to the Admin user of a trading member firm to perform various admin and risk management functions. RTRMS-ZT has been integrated as a module within Real Time Risk Management System (RTRMS) which is already used by trading members. Being web based, RTRMS-ZT module provides ease of access to all trading members and can be accessed with authorized login credentials. Trading members can use their existing login credentials of RTRMS to access the RTRMS-ZT module. This will facilitate the trading member to simultaneously control his order level and post-trade level risk management activities through a single system.

Following admin functionalities are currently available as a part of RTRMS module for Equity Derivatives Segment:

A. View All Trades
- In 'List Trades' screen, trading member shall be able to view all trades performed by all his trading users.
- The trades done through both API based terminal and exchange offered TWS terminal shall be available.
- Rectified trades shall also be updated in this screen.
- Following details of trades shall be available as part of the 'List Trades' view: User Id, Series Id, Buy/Sell, Qty, Rate, Series Code, Client Id, Client Type, Trade Id, Trade Time, etc.
- Trading member can filter the trades on the basis following parameters:
  - o User Id
  - o Series Id
  - o Trade Id

- o Order Id
- o Client Id
- o Client Type

B. View All Pending Orders

- In 'Pending Order' screen, trading member shall be able to view all orders entered by all his trading users which are either fully or partially unexecuted.
- Orders entered through both API based terminal and exchange offered TWS terminal shall be visible in the 'Pending Order' screen.
- Modified orders shall also be updated in this screen.
- Following details for pending orders shall be available as part of the 'Pending Order' view: User Id, Order Id, Buy/Sell, Pending Qty, Rate, Trigger Rate, Series Id, Series Code, Client Id, Client Type, Time, etc.
- Trading member can filter the pending orders on the basis following parameters:
  - o User Id
  - o Series Id
  - o Order Id
  - o Client Id
  - o Client Type

C. Cancel All Pending Orders

Trading member shall have the facility to perform mass cancellation of all pending orders. On mass cancellation, pending orders for all the trading users under the trading member shall be cancelled.

D. Single Order Quantity Limit

- Single order quantity limit specifies the maximum allowed quantity for each order.
- Trading member shall be allowed to set single order quantity limit for all its trading users.
- Trading member can enter separate single order quantity limit for Simple Instruments (Futures & Options) contracts and Complex Instruments (Calendar Spreads) contracts.
- Trading member shall also be allowed to edit the already existing Single Order Quantity Limit.
- Any addition/updates in the single order value limit done by the trading member shall be effective from the next business day.
- Once the single order quantity limit is set by the trading member, BOLT plus trading system shall not allow that user to enter order quantity greater than the set single order quantity limit.

Note: As per SEBI Master Circular SEBI/HO/MRD2/MRD2_DCAP/P/CIR/2021/0000000591 dated July 05,2021 any order with value exceeding Rs. 10 crore per order shall not be accepted by the stock exchange for execution in the normal market.

If the single order quantity limit set by the trading member for a user is more than the exchange level order quantity limit, then the validation in BOLT plus trading system for the order quantity shall be done against the exchange level quantity limit.

Please refer to notice <u>Single Order Quantity Limit in Index Derivatives contracts of Equity Derivatives Segment</u>

E. All Trade Limit

Trading member can set Gross Buy, Gross Sell, Net Value, Net Buy Qty and Net Sell Qty through RTRMS – ZT system.

All the above limit Updation (viz all trade limit, single order Qty limit and single order value limit) can be done on intra-day basis.

F. 'Dealer Position' Report and 'User Role Assignment' in RTRMS ZT system

- **'Dealer Position' report in Equity derivatives segment** – New report has been made available in RTRMS ZT to view Trader ID wise scrip wise positions for 'T' day.

- **User Role Assignment for functionalities in ZT** -In the existing 'User role' functionality, new roles has been added for all functionalities available in RTRMS-ZT system for Equity Derivatives segments.

G. Trading member can refer to the following matrix for features that shall be available RTRMS-ZT.

Features	Equity Derivatives
View All Trades	Available Intra day
View All Pending Orders + Single Order cancellation	Available Intra day
Cancel pending orders for 'Selected User IDs' and 'All User IDs'	Applicable Intra day
Single Order Limit (Quantity & Value limit)	Applicable Intra day
All Trade Limit	Applicable Intra day
Dealer Position	Available Intra day
User Role Assignment	Applicable Intra day

H. Trading members can now reset password of trader ID and session ID used by members to connect to the Exchange trading system, shall be provided in RTRMS-ZT system.

Relevant Notices:

Notice No.	Date
20230526-54	May 26,2023
20170803-22	August 03, 2017
20151009-10	October 09, 2015

20150114-31	January 14, 2015
20141008-26	October 08, 2014
20140903-27	September 03, 2014
20140523-23	May 23, 2014
20140208-1	February 08, 2014

4.3 Connection parameters

Trading Members using BOLT TWS / ETI / API shall be required to have relevant connection parameters configured to be able to connect to the BOLT PLUS trading system.

The below hyper link provides the connection parameters for connecting to the PR site / DR site / Simulation Environment of the BOLT PLUS trading system.

Boltplus Configuration Parameters

4.4 Market Data

Exchange disseminates market data broadcast through various types of streams in Equity Derivatives Segment to its ETI-API users as follows:

- EOBI (Enhanced Order Book Interface) – BSE Order by Order market data stream
- EMDI (Enhanced Market Data Interface) -
- MDI (Market Data Interface)
- NFCAST (Level 1 MDI)

Relevant Notices:

Notice No.	Date
20230110-21	January 10,2023
20170619-17	June 19, 2017
20150605-3	June 05, 2015
20150605-9	June 05, 2015
20150423-25	April 23, 2015
20141010-39	October 10, 2014

| 20140828-3 | August 28, 2014 |

4.5 Extranet facility for Members

Exchange provides a web based facility, viz. EXTRANET to the members to access common and member specific data. This facility also enables members to upload / submit relevant member specific data as per Exchange requirements.

The salient features of the Extranet System are as below:
- Web based download and upload system
- Accessible through Internet and Intranet (i.e., leased lines)
- Availability of 30 days history file downloads

The URL for accessing the Extranet System:

| Internet URL | https://member.bseindia.com |
| Leased Line URL | https://memberll.bseindia.com |

In addition to the Extranet System, BSE is also providing an Auto download application called **"Extranet Plus"**. This application needs to be installed at the members end. The member has to login to the application only once and the files will be downloaded to the local disk automatically as and when BSE provides the files for download. Extranet Plus application is currently accessible only on the private network (LAN, WAN, VSAT) and not on internet.

In addition to the Extranet, System Members can view availability status of files / reports pertaining to Trading and Clearing & Settlement on Member Extranet Portal under File Status Dashboard.

Relevant Notices:

Notice No.	Date
20170907-25	September 07, 2017
20151016-12	October 16, 2015
20140613-4	June 13,2014
20140318-41	March 18,2014
20140312-33	March 12,2014

4.6 Master Data Files

Exchange provides various files for trading /clearing members for their front/back office. The file formats are attached as Part III annexure.

The end of day master files are available to members on Extranet as well as on Exchange website link - **MEMBERS HELP DESK (BSEINDIA.COM)**

Further members may refer to link for various file formats including test environment file formats

https://www.bseindia.com/nta.aspx

5. SUPPORT

5.1 Help Desk

In an endeavor to enhance trading experience and to improve member services, Exchange supports its members through a dedicated Help Desk.

Members can call at Help Desk on tel. no. 022- 69158500 ,022-45720400 and 022-45720600 (hunting line) between 8:00 am to 7:30 pm on all trading days for their queries. Members may alternatively write to Help Desk on email Id: bsehelp@bseindia.com for their queries.

Help Desk supports all queries including the following areas:
1. Trading System
2. Connectivity related
3. Clearing and Settlement
4. Membership related
5. Various Product related
6. General Queries

5.2 Trading Operations Desk

This desk caters to Member requirements pertaining to User Id management for various Exchange systems.

Members can call at Trading Operations Desk on tel. no. 022 2272 8125/ 8005 between 8:00 am to 7:00 pm on all trading days for their queries or they may alternatively write to Trading Operations Desk on email Id: user.trdops@bseindia.com for their queries.

5.2.1 Creation of Trading User Ids

Process Flow for User ids creation

- Trading Operations receives BOLT TWS / ETI /BOW id creation request for equity derivatives from Member.
- If the member request is as per format, the request is authorized and acted upon post verification.
- If the member request is not as per format, the member is communicated about the same and is asked to resend the request as per requisition format.

If the member's application for creation of User Id is not as per the requisition form, it is liable for rejection (for the indicative reasons mentioned below)

Indicative reasons for Rejection of Activation form

1. NISM certificate missing
2. Date is missing

3. Annexure B missing
4. Tick not present on Activation/ Deactivation & segment
5. IDs not mentioned
6. Trading segment not ticked
7. Designated Director's name & contact details missing
8. Authorized person's designation not mentioned
9. Member's stamp is not properly affixed
10. Tick not present on 3rd point of undertaking.
11. Date on last page of Undertaking should be same as date mentioned on Board Resolution copy
12. Undertaking should be on 100Rs. Stamp paper/Franking/e- Stamp paper
13. Activation form should be on company letter head
14. Absence of required documents like Undertaking or bord resolution.

5.2.2 Deactivation of Trading User IDs

Process Flow for deletion of User ids in all segments

- Member will require to send an application form for deactivation of User Id in a soft copy on an email (user.trdops@bseindia.com) to
- If the member's request is not as per the requisition format, it is rejected and a pro-active call is made to the member for the same. Further, member is requested to resend with necessary changes to Trading Ops team.
- If the received request is authorized by anyone other than director/proprietor but above Manager Level, then Trading Ops team verifies the authenticity of the person authorizing the request with the firm's director/proprietor.

5.2.3 Process for Creation of User id and passwords (for other applications / systems)

One day prior to business commencement day, User Ids of following applications / systems are created by the Exchange and password is emailed to member, on their registered email id.

- SSO
- UCC/Extranet
- BEFS

5.2.4 Process for resetting of Passwords (for other applications / systems)

Members can reset their passwords for various applications / systems in the following manner:

- By clicking on 'Forgot Password' option to receive password on their registered mail ids where 'Forgot password' option is enabled.

- Alternatively by sending an email to user.trdops@bseindia.com from their registered email id mentioning Clg no. and name of respective applications / systems.
- In the event member requires to change the registered email id for an application / system, they can email their request to user.trdops@bseindia.com, mentioning the Clg no. and the name of respective application / system.

Relevant Notices:

Notice No.	Date
20151218-1	December 18,2015

Please refer to point no 1.9 of following link in member downloads section for required documents and formats - **https://www.bseindia.com/members/downloads.aspx**

5.3 Contingency Pool Operations

Exchange provides a contingency pool area for trading facility from its premises at P. J. Towers, Mumbai. Members can avail of this facility in the event of a contingency where trading member is not able to trade from own office due to technical issues or otherwise. In such cases, trading member can send the request in writing to the Exchange seeking permission to trade from Exchange's premises. Once Exchange receives such request from the trading member, it verifies the details and permits the representative of the trading member to use the trading facility in the contingency pool area in its premises. The facility is available on a first come first serve basis. Trading member is granted permission to use trading facility in the contingency pool for a particular day only.

For any query about Contingency Pool access, members can contact Help Desk on tel. no. 022-69158500, 022022-45720400 and 022-45720600 or email at bsehelp@bseindia.com

Link for Contingency Pool Notice

Relevant Notices:

Notice No.	Date
20180912-3	September 12,2018