

Member FAQ's on “Open market Buyback through separate window”

March 2023

Frequently Asked Questions (FAQ)

1. What is Buyback?

Buyback is process through which company can buy back its shares from existing shareholders. Currently, same can be done through Tender offer or Open market.

2. How is Buyback through Open market done?

Buyback through Open market is a process where the company appoints member/broker to place buyback orders during the buyback period on behalf of company in Equity market. Further, pursuant to SEBI guidelines, buyback shall be conducted through a separate trading window mechanism for new buyback issues starting from April 1, 2023 onwards.

3. How will buyback be conducted through the separate buyback trading window mechanism?

A new buyback scrip shall be created having the same ISIN as the parent scrip shall be added to the scrip master file. The scrip shall remain active only during the buyback period. In the buyback scrip, only the company appointed member shall be allowed to place buy orders on behalf of the company using the UCC created for the company. Investors who are existing shareholders can place sell orders to participate in the buyback process.

4. In which segment buyback window is allowed?

Buyback window is allowed only in Capital Market (Equity) Segment for open market.

5. Who are the eligible participants for Buyback process?

All the existing shareholders of the company shall be eligible to participate in the Buyback process through open market.

6. How can buyback scrip be differentiated from parent scrip?

'Scrip ID (symbol) shall be the same as the parent scrip with suffix as numeric '7' for indicator buyback scrips. ISIN of buyback scrip shall be same as of the parent scrip.

7. What are the market parameters for Buyback through open market?

The below are the market parameters for open market buyback through separate window:

Particulars	Equity Market
Scrip Code	BSE Scrip Code
Scrip ID (Symbol)	Same as parent scrip with suffix "7"
ISIN	Same as parent scrip
Scrip Group	"T" group
Lot Size	Same as parent scrip
Tick Size	Same as parent scrip
Price Band	+/- 1% of prevailing LTP of the parent scrip

8. What are the prerequisites for placing a buyback order for the company?

Members who are appointed by the company to do buyback can place buy order by specifying the buyback UCC code created for the buyback company

9. What will be the market timings for buyback window?

Market timings for the buy back window shall be as follows -

Buy Back Session	Time	Remark
Order Entry, Order Matching & Trade Confirmation Period	9:45 am to 3:00 pm	Order entry in buyback window shall not be allowed during pre-open market, first thirty minutes and the last thirty minutes of the regular trading session

Note: Buyback window shall not be available for trading on Muhurat trading day

10. Will the block deals be allowed for buyback?

Block deal shall not be applicable for the separate security created for Buyback, however block deals will be allowed on parent securities.

11. Who can place Buy orders in buyback window?

The Company whose buyback is ongoing can place only Buy orders through an appointed broker.

12. Who can place Sell orders in buyback window?

The sell orders can be placed by the existing shareholders through their broker/ trading member.

13. What are the Order entry attributes in buyback window?

The order entry attributes are as follows -

Order Conditions	BUY order	SELL order
Time Condition	Day	IOC
Price Condition	Limit Order	Limit Order & Market Order
Stop Loss	Not allowed	Not allowed
Disclosed qty order	Not allowed	Not allowed
OCO	Not allowed	Not allowed
BOC	Not allowed	Not allowed

14. Will modification be allowed in buyback trading?

Buy order cancellation & modification shall be allowed, Sell order modification & cancellation will not be allowed by virtue of its order type i.e. Immediate or Cancel (IOC).

15. What price range shall be considered while placing orders?

Following attributes shall be applicable while placing orders:

Type of Order	Order type	Range
BUY	New	Allowed within +/-1% range of prevailing LTP of the parent security.
BUY	Modification	+/-1% range based on the prevailing LTP of the parent security
SELL	New	Only IOC orders which are within +/-1% range of prevailing LTP of the parent security shall be allowed

16. When can a seller place orders in the buyback scrip?

A seller can place an order, only when a passive buy order is available in the order book of the buy back security.

17. What will happen to the pending buy order if its price is outside of +/- 1% of the revised price range based on the latest LTP of the parent security?

The pending buy order will get cancelled if its price is outside of of the revised price range (+/- 1%) based on the latest LTP of the parent security.

18. How will order matching happen in the buyback security?

Orders shall be matched based on price time priority on a continuous basis.

19. How will trading happen in the buyback security if there is no trade in the parent security?

If the parent security is not traded for the day, then the previous close price of the parent security shall be considered while validating order prices in the buyback security to be within +/-1% range.

20. Which price will be considered as close price for the scrip in buyback window?

The Last trade price of the buyback security shall be considered as the close price for the day.

21. What will be the transaction charges levied to members by the Exchange for trades executed in the buyback security?

Members will be levied similar transaction charges as applicable in the Equity segment, for trades executed in the buyback security.

22. Will trading in buyback shall be available on special trading days?

Muhurat trading session: -

Buyback window shall not be available for trading on Muhurat trading day

BCP switchover: - As per exiting process applicable for other sessions of similar nature like Block trade window, Buyback window shall not be available for trading post BCP switchover during the day.

23. What shall be the settlement mechanism for buyback securities?

Settlement mechanism will be Gross settlement.

24. What shall be the margin % applicable on buyback securities?

100% VAR margin shall be applicable on trades in buyback securities

25. What shall be the securities pay in shortage handling mechanism for buyback securities?

Any shortages in securities pay in shall result in closeout