**ANNEXURE (II)**

**Detailed Guidelines of LES**

1. **S&P BSE SENSEX Future Contracts (Monthly)**

|  |  |
| --- | --- |
| Details | |
| Eligible indices | S&P BSE SENSEX Futures – Monthly contracts |
| Eligible Contracts | Current Month |
| Turnover based incentive | GMP – NIL  MM Passive – Rs. 600 per Crore  MM Active – Rs. 600 per Crore  MM Passive to MM Active – Rs 300 Per Cr to MM Passive, Rs 300 per crore to MM Active. |
| Turnover based incentive daily cap | Rs. 1,00,000 |
| Quote Based Incentive (Only to MM) | Rs. 50,000 per month per market maker |
| Number of Designated Primary MM | Two |
| Incentive calculation | Daily |
| Incentive Payout to Member | Monthly |

**Spread and presence Requirement for Market Maker (MM)**

Market makers need to provide two-way continuous quotes in contracts in which they are registered as a market maker as per below mentioned criteria (monthly contracts).

|  |  |  |  |
| --- | --- | --- | --- |
| **Details** | | **S&P BSE SENSEX** | |
| Max Permissible Spread between respective bid – ask price (Index Points) | No of Lots |
| Level 1 | | 4 | 5 |
| Level 2 | | 6 | 10 |
| Level 3 | | 8 | 15 |
| Level 4 | | 10 | 20 |
| Level 5 | | 12 | 25 |
| |  |  |  |  | | --- | --- | --- | --- | | **Example of order book of S&P BSE SENSEX Futures** | | | | | **Bid Lots** | **Bid Price** | **Offer Price** | **Offer Lots** | | 5 | 40000 | 40004 | 5 | | 10 | 39999 | 40005 | 10 | | 15 | 39998 | 40006 | 15 | | 20 | 39997 | 40007 | 20 | | 25 | 39996 | 40008 | 25 | | | | |
| Market maker presence requirement | Monthly | All market days - 85% of the trading time in current month  E-1 & E day - 85% of the trading time in current & near month  First 30 minutes – 85 %, Last 30 Minutes – 85% and Balance trading time - 85% | |
|  |

**DESIGNATED SECONDARY MARKET MAKER –**

|  |  |
| --- | --- |
| Registration Requirement | Mandatory |
| Trading Incentives | No additional Trading incentive |
| Quoting Incentives | NIL |
| Spread & Presence Requirements | Provide two-way quotes for minimum 50% of the trading hours’ time in a day and minimum 50 % of trading days in a month.  Maximum spread of 0.20 % needs to be maintained. |
| No of contracts | Minimum 1 Contract |
| Re-registration in case of failure to qualify as MM | Need to re-apply as Designated Secondary Market Maker before beginning of the last working day of the month |

1. **S&P BSE SENSEX Options Contracts (Monthly)**

|  |  |
| --- | --- |
| Details | Monthly |
| Eligible indices | S&P BSE SENSEX |
| Eligible Contracts | Current month |
| Turnover based incentive | MM Passive – Rs. 6000 /- per Crore on premium turnover  MM Active – Rs. 6000 /- per Crore on premium turnover  GMP – NIL  MM Passive to MM Active – Rs 3000 Per Cr to MM Passive, Rs. 3000 per crore to MM Active |
| Turnover based incentive daily cap | Rs. 3,50,000 /- |
| Quote based Incentive (only to MM) | Rs.50,000 per month per market maker |
| Number of MM to be appointed | Two |
| Incentive calculation | Daily |
| Incentive Payout to Member | Monthly |

**Spread and presence requirement for market maker**

Market makers need to provide two-way continuous quotes in contracts in which they are registered as a market maker as per below mentioned criteria (monthly contracts).

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 1. **Premium based maximum permissible spread for level 1 quoting obligation** | | | | |
| **Bid price range** | | **Maximum permissible spread (% of the bid price)** | | **Level 1- Number of Lots** |
| 0 – 9.95 | | 1.00% or 0.15, whichever is higher | | 5 |
| 10– 29.95 | | 1.00% or 0.15, whichever is higher | | 5 |
| 30 – 49.95 | | 1.00 % | | 5 |
| 50 – 74.95 | | 1.00 % | | 5 |
| 75 – 99.95 | | 1.00 % | | 5 |
| 100 – 199.95 | | 1.00 % | | 5 |
| 200 – 299.95 | | 0.75 % | | 5 |
| 300 – 399.95 | | 0.60 % | | 5 |
| 400 and above | | 0.50 % | | 5 |
| Note:   * Market maker will be exempted from quoting obligation in the eligible strikes where the offer price is Rs. 0.05. * Spreads and no of lots till level 5 needs to be maintained as per table given below –  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | |  |  |  | | --- | --- | --- | | **S&P BSE SENSEX OPTIONS** | | | | **LEVELS** | **% Maximum Spreads** | **No of Lots** | | Level 1 | As per above table A | 5 | | Level 2 | 1.50% of Layer 1 bid price between respective bid and ask price | 6 | | Level 3 | 2.50% of Layer 1 bid price between respective bid and ask price | 7 | | Level 4 | 3.50% of Layer 1 bid price between respective bid and ask price | 8 | | Level 5 | 4.50% of Layer 1 bid price between respective bid and ask price | 10 | |  * E.g. of the order book given below – | | | | |
| |  |  |  |  |  | | --- | --- | --- | --- | --- | | **LEVELS** | **Bid Qty** | **Bid Price** | **Offer Price** | **Offer Qty** | | Level 1 | 5 | 400.00 | 402.00 | 5 | | Level 2 | 6 | 398.00 | 404.00 | 6 | | Level 3 | 7 | 396.00 | 406.00 | 7 | | Level 4 | 8 | 394.00 | 408.00 | 8 | | Level 5 | 10 | 392.00 | 410.00 | 10 | | | | | |
|  | | | | |
| 1. **Presence requirement for S&P BSE SENSEX options contracts – Monthly** | | | | |
| Market maker presence requirement | Monthly | | All market days - 85% of the trading time in current month | |
| E-1 & E day - 85% of the trading time in current & near month | |
| First 30 minutes – 85 %, Last 30 Minutes – 85% and Balance trading time - 85% | |
| Minimum Strikes for quoting | Monthly | | ITM 2, ITM 1, ATM, OTM 1, OTM 2, OTM 3, OTM 4 | |

**DESIGNATED SECONDARY MARKET MAKER –**

|  |  |
| --- | --- |
| Registration Requirement | Mandatory |
| Trading Incentives | NIL |
| Quoting Incentives | NIL |
| Spread & Presence Requirements | Provide two-way quotes for minimum 50% of the trading hours’ time in a day and minimum 50 % of trading days in a month in any 1 strike.  Maximum spread of 10% or Rs. 3 (Whichever is higher) needs to be maintained. |
| No of contracts | Minimum 1 Contract |
| Re-registration in case of failure to qualify as MM | Need to re-apply as Designated Secondary Market Maker before beginning of the last working day of the month |

1. **Single Stock Future Contracts on 50 Stocks (Monthly Contracts) -**

|  |  |
| --- | --- |
| Eligible Stocks | 50 stocks specified by exchange from time to time |
| Eligible Contracts | Current month |
| Turnover based incentive | MM Passive – Rs. 600 /- Crore  MM Active – Rs 600 /- Crore |
| Turnover based incentive daily cap | Rs. 90,000 /- |
| Quote based incentive (only to MM) | Rs. 2,50,000 per month (Rs. 5000 for each scrip for 50 stocks specified by exchange) |
| Number of designated primary market maker to be appointed for basket of 50 stocks combined | One |
| Incentive calculation | Daily |
| Incentive Payout to Member | Monthly |

**Spread and presence Requirement for Market Maker (MM)**

* Spreads and no of lots till level 5 needs to be maintained as per table given below –

|  |  |  |
| --- | --- | --- |
| **STOCK FUTURES** | | |
| **LEVELS** | **% Maximum Spreads** | No of Lots |
| Level 1 | 0.20 % of Layer 1 Bid Price between respective bid and ask price | 5 |
| Level 2 | 0.60 % of Layer 1 Bid Price between respective bid and ask price | 10 |
| Level 3 | 0.80 % of Layer 1 Bid Price between respective bid and ask price | 15 |
| Level 4 | 1.00 % of Layer 1 Bid Price between respective bid and ask price' | 20 |
| Level 5 | 1.20 % of Layer 1 Bid Price between respective bid and ask price | 25 |

|  |  |
| --- | --- |
| Market maker presence requirement | All market days - 85% of the trading time in current month  E-1 & E day - 85% of the trading time in current & near month  First 30 minutes – 85 %, Last 30 Minutes – 85% and Balance trading time - 85% |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Example of Order Book -** | | | | |
| **LEVELS** | **Bid Qty** | **Bid Price** | **Offer Price** | **Offer Qty** |
| Level 1 | 5 | 100.00 | 100.20 | 5 |
| Level 2 | 10 | 99.70 | 100.30 | 10 |
| Level 3 | 15 | 99.60 | 100.40 | 15 |
| Level 4 | 20 | 99.50 | 100.50 | 20 |
| Level 5 | 25 | 99.40 | 100.60 | 25 |

**DESIGNATED SECONDARY MARKET MAKER –**

|  |  |
| --- | --- |
| Registration Requirement | Mandatory |
| Trading Incentives | No additional Trading incentive |
| Quoting Incentives | NIL |
| Spread & Presence Requirements | Provide two-way quotes for minimum 50% of the trading hours’ time in a day and minimum 50 % of trading days in a month in any 1 stock out of the selected stocks.  Maximum spread of 2% needs to be maintained. |
| No of contracts | Minimum 1 Contract |
| Re-registration in case of failure to qualify as MM | Need to re-apply as Designated Secondary Market Maker before beginning of the last working day of the month |

1. **Single Stock Options Contracts on 50 stocks (Monthly Contracts)**

|  |  |
| --- | --- |
| Eligible stocks | 50 stocks specified by exchange from time to time |
| Eligible Contracts | Current Month |
| Turnover based incentive (on premium TO) (Only to MM) | MM Passive – Rs. 3000 /- per Crore  MM Active – Rs 3000 / - per Crore |
| Turnover based incentive daily cap | Rs. 2,90,000 /- |
| Quote based incentive | Rs. 2,50,000 per month (Rs. 5000 for each scrip for 50 stocks specified by exchange) |
| Number of designated primary market maker to be appointed for basket of 50 stocks combined | One |
| Incentive calculation | Daily |
| Incentive Payout to Member | Monthly |

**Spread and presence requirement for market maker**

Market makers need to provide two-way continuous quotes in contracts in which they are registered as a market maker as per below mentioned criteria -

|  |  |  |  |
| --- | --- | --- | --- |
| 1. **Premium based maximum permissible spread for level 1 quoting obligation** | | | |
| **Bid price range** | **Maximum permissible spread (% of bid price)** | | **Level 1- Number of Lots** |
| 0 – 9.95 | 2% or 0.20, whichever is higher | | 5 |
| 10 – 29.95 | 2% | | 5 |
| 30 – 49.95 | 2% | | 5 |
| 50 – 74.95 | 2% | | 5 |
| 75 – 99.95 | 2% | | 5 |
| 100 – 199.95 | 2% | | 5 |
| 200 – 299.95 | 2% | | 5 |
| 300 – 399.95 | 2% | | 5 |
| 400 and above | 2% | | 5 |
| Note:   * Market maker will be exempted from quoting obligation in the eligible strikes where the offer price is Rs. 0.05. * Spreads and no of lots till level 5 needs to be maintained as per table given below –  |  |  |  | | --- | --- | --- | | **STOCK OPTIONS** | | | | **LEVELS** | **% Maximum Spreads** | **No of Lots** | | Level 1 | As per above table A | 5 | | Level 2 | 4% of Layer 1 Bid Price between respective bid and ask price | 6 | | Level 3 | 6% of Layer 1 Bid Price between respective bid and ask price | 7 | | Level 4 | 8% of Layer 1 Bid Price between respective bid and ask price | 8 | | Level 5 | 10% of Layer 1 Bid Price between respective bid and ask price | 10 |      |  |  |  |  | | --- | --- | --- | --- | | **Example of order book of Stock Options** | | | | | Bid lots | Bid price | Offer price | Offer lots | | 5 | 50.00 | 51.00 | 5 | | 6 | 49.50 | 51.50 | 6 | | 7 | 49.00 | 52.00 | 7 | | 8 | 48.50 | 52.50 | 8 | | 10 | 48.00 | 53.00 | 10 | | | | |
| 1. **Presence requirement for monthly Stock options contracts** | | | |
| Market maker presence requirement | | All market days - 85% of the trading time in current month | |
| E-1 & E day - 85% of the trading time in current & near month | |
| First 30 minutes – 85 %, Last 30 Minutes – 85% and Balance trading time - 85% | |
| Minimum Strikes for quoting | | ITM 2, ITM 1, ATM, OTM 1, OTM 2, OTM 3, OTM 4 | |

**DESIGNATED SECONDARY MARKET MAKER –**

|  |  |
| --- | --- |
| Registration Requirement | Mandatory |
| Trading Incentives | NIL |
| Quoting Incentives | NIL |
| Spread & Presence Requirements | Provide two-way quotes for minimum 50% of the trading hours’ time in a day and minimum 50 % of trading days in a month in any 1 strike out of the selected stocks  Maximum spread of 10% or Rs. 3 (Which ever is higher) needs to be maintained. |
| No of contracts | Minimum 1 Contract |
| Re-registration in case of failure to qualify as MM | Need to re-apply as Designated Secondary Market Maker before beginning of the last working day of the month |