

LEIPS-S&P BSE SENSEX-Options**(Effective from June 08, 2015)**

SEBI issued Circular no.CIR/MRD/DP/14/2014 dated April 23, 2014 regarding revised guidelines for Liquidity Enhancement Scheme in the Equity Cash & Equity Derivatives Segment .On this background the Exchange launched new **Liquidity Enhancement Incentive Programmes (LEIPS) on S&P BSE SENSEX- Options with effect from May 30,2014** with the goal of creating lasting, self-sustaining liquidity in BSE's Equity Derivatives Segment.

The programme incentivizes both Market Makers (MMs) and General Market Participants (GMPs) by payment of cash for their participation as per prescribed terms and conditions.

Active trading members of Equity Derivative segment of the Exchange can follow a simple process to register themselves for this pro-programme as a Market Makers (MMs) or as a General Market Participant (GMP).

Under the programme, the MMs have a continuous quoting obligation with specified size and spread in options contracts on S&P BSE SENSEX. The programme offers 4 types of incentives to market participants –

1. Trading volume based daily cash incentives to MMs and GMPs
2. Quote based incentive for MMs
3. Open Interest (OI) based cash incentives paid on daily basis for average daily OI to MMs and GMPs
4. Lower transaction fees for all active trading members.

The Exchange monitors performance of the programme including presence of MMs and their compliance with the quote obligations through a mix of online and offline monitoring tools. The Exchange also publishes information on the programme from time to time.

LEIPS-S&P BSE SENSEX Options programme shall remain in force as per tenure mentioned in SEBI Circular no.CIR/MRD/DP/14/2014 dated April 23, 2014.

The Exchange has been regularly amending the terms and conditions of its LEIPS Programmes based on the overall progress of the programme, market feedback and policy changes.

With effect From June 08,2015 the Exchange proposes to amend certain terms and conditions of **LEIPS- S&P BSE SENSEX- Options** as follows–

- Introduction of SENSEX options weekly contracts in addition to SENSEX Options monthly contracts.
- Revision in Daily trading volume based incentive pool.
- Revision in Roll over incentive.
- Revision in quote based incentive.
- Revision in Open Interest based cash incentive.
- Discontinuation of Additional Quote based incentive for fulfilling quoting obligations in all the 14 strikes .
- Discontinuation of Monthly quoting Incentives for MM's

For any further clarifications, please contact your designated Relationship Managers.

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The programme focuses on Options contract on S&P BSE SENSEX. The programme incentivizes both MMs and GMPs by payment of cash for their participation in the programme as per prescribed terms and conditions.

| | Market Makers | General Market Participants | |
|----------------------------------|--|---|---|
| Clause 1 – Incentives / Benefits | Trading Volume[†] Based Cash Incentive | Market Maker (MM) shall be paid incentives on notional turnover at moneyness strikewise rates as per clause 6 & Table 2 overleaf from total incentive pool refer to Annexure 3 | General Market Participant shall be paid incentives on notional turnover at moneyness strikewise rates as per clause 6 & Table 2 overleaf from total incentive pool refer to Annexure 3 |
| | Quoting Based Cash Incentive | Upon fulfillment of Quote Obligations, qualifying MMs shall be paid incentives at Money-ness Strike-wise rates (refer Annexure 1 overleaf) till payout crosses specified pool . Thereaf-ter incentives to be paid on pro-rata basis . | Not Applicable |
| | Open Interest[‡] Cash Incentive | Based on daily Exchange OI in S&P BSE SENSEX options [€] . Only short option positions shall be eligible for incentives. <ul style="list-style-type: none"> Till Exchange OI for S&P BSE SENSEX options on any given trading day is less than or equal to Rs. 6000 Cr., the incentive for that day shall be paid at a rate of Rs.50 per Cr of Member OI for the day. If Exchange OI for S&P BSE SENSEX options on any given trading day crosses Rs.6000 Cr, then incentive for that day shall be paid on proportionate basis from a daily pool of Rs. 3,00,000/- | |
| | Retail customer incentive | Retail incentive program only on trading as per Exchange notice no—20130716-21 dated July 16,2013 and notice no – 20140822-39 dated August 22,2014. | |
| | Lower Transaction Fee | Options (Rs. / Cr. Premium) | |
| | Passive | Active | |
| | 0 | 50 | |
| Clause 2 – Obligations | Quote Obligation | SENSEX Options current (monthly /weekly) Contracts Provide 2-way continuous quote during regular trading hours for 85% of trading time as per Annexure 1 . The only exceptions** shall be due to technical reasons and fast market conditions. Fulfillment of these quote obligation conditions is subject to the obligation condi-tions specified below. (** Indicative Exceptions– Market halts in a contract or underlying shall not be counted as trading hours) | |
| | Spread & Size | SENSEX Options current (monthly /weekly) Contracts 2-way quote in any one or more market making contract series [‡] as per quote obli-gations specified in Annexure 1 for current month. | |
| | Roll Period (Expiry day) | Only For Monthly Options Contract –Quoting is compulsory in both current month and near month contracts for receiving roll over incentive on monthly expiry day. Details of Rollover quote obligation and incentive are given in Annexure 2. | |
| | After the dai-ly volume cap is breached | Provide 2-way continuous quote during regular trading hours for 85% of trading time as per Annexure 1 overleaf even after the volume incentive cap is breached for current and near month contracts respectively. The only exceptions** shall be due to technical reasons and fast market conditions. (** Indicative Exceptions– Market halts in a contract or underlying shall not be counted as trading hours) | |
| | | † Incentives are payable for current ,near monthly options and weekly options contracts on eligible underlying . # OI=Notional volume of options contracts that are not closed or delivered at the end of a particular day, except current month contracts on their day of expiry. ‡ Market making contract series shall be published by the exchange on a daily basis € Open Interest Incentives shall be applicable on incentive eligible contracts published by the exchange on time to time. | |

| | Market Makers | General Market Participants | | | | | | | | | | | | | | | | | | |
|---|---|--|--------------------------|------------------------------|--|---|----------------------------|--|--|---|------------------------------|--|--|-------------------------|--------------------|----------------------|----------------------------|--|-------------------|--------------------|
| Clause 3 | <ul style="list-style-type: none"> Members have to register with the exchange to participate as a MM Net worth of Rs. 1 Cr. (~ USD 0.20 Million) No serious disciplinary action against the member in the last 1 year | Members have to register with the exchange to be eligible for the incentives. | | | | | | | | | | | | | | | | | | |
| Clause 4 | <ul style="list-style-type: none"> Eligibility for MM incentive payments shall be determined on daily basis based on fulfillment of the MM’s obligation during the day In case of non-fulfillment of obligations for a specific day, MM’s incentive payments shall be at GMP rates Exchange provides online system (https://leipsmm.bseindia.com) to MMs to view their quoting obligations (MM presence) as well as incentive payouts based on their trading activity Exchange reserves the right to render any members ineligible for further participation in the programme if they engage in activities that are detrimental to the development of the markets | Exchange reserves the right to render any members ineligible for further participation in the programme if the member engages in activities that are detrimental to the development of the markets | | | | | | | | | | | | | | | | | | |
| Clause 5 | <p>Daily Caps— Cash volume incentives shall be paid upto a maximum of Rs. 5625/-Cr. in S&P BSE SENSEX Options (Notional volume) as follows—</p> <table border="1"> <thead> <tr> <th rowspan="2">Total No of Time Periods</th> <th rowspan="2">Duration of Each Time Period</th> <th colspan="2">Time period wise cap for Options Trading (Notional Volume)</th> </tr> <tr> <th>All ITM, ATM,OTM 1 & OTM 2</th> <th>OTM 3 & OTM 4</th> </tr> </thead> <tbody> <tr> <td>First 30 and Last 30 minutes</td> <td>1 minute</td> <td>Rs.4.9768668 Crores</td> <td>Rs. 14.9358685 Crores</td> </tr> <tr> <td>Interim 315 Minutes</td> <td>1 minute</td> <td>Rs 3.516311 Crores</td> <td>Rs.10.5479298 Crores</td> </tr> <tr> <td colspan="2">Daily Volume Incentive Cap</td> <td>Rs 1406.25 Crores</td> <td>Rs. 4218.75 Crores</td> </tr> </tbody> </table> <p>1. Incentive to be paid on pro rata basis on volume contributed by each member in particular time period.</p> | | Total No of Time Periods | Duration of Each Time Period | Time period wise cap for Options Trading (Notional Volume) | | All ITM, ATM,OTM 1 & OTM 2 | OTM 3 & OTM 4 | First 30 and Last 30 minutes | 1 minute | Rs.4.9768668 Crores | Rs. 14.9358685 Crores | Interim 315 Minutes | 1 minute | Rs 3.516311 Crores | Rs.10.5479298 Crores | Daily Volume Incentive Cap | | Rs 1406.25 Crores | Rs. 4218.75 Crores |
| Total No of Time Periods | Duration of Each Time Period | Time period wise cap for Options Trading (Notional Volume) | | | | | | | | | | | | | | | | | | |
| | | All ITM, ATM,OTM 1 & OTM 2 | OTM 3 & OTM 4 | | | | | | | | | | | | | | | | | |
| First 30 and Last 30 minutes | 1 minute | Rs.4.9768668 Crores | Rs. 14.9358685 Crores | | | | | | | | | | | | | | | | | |
| Interim 315 Minutes | 1 minute | Rs 3.516311 Crores | Rs.10.5479298 Crores | | | | | | | | | | | | | | | | | |
| Daily Volume Incentive Cap | | Rs 1406.25 Crores | Rs. 4218.75 Crores | | | | | | | | | | | | | | | | | |
| Clause 6 | <table border="1"> <thead> <tr> <th>Type of Incentive</th> <th>Applicable To</th> <th>Payout Structure</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Trading Volume based Cash Incentive from pool as per Annexure 3</td> <td>MM, GMP</td> <td>Pro-rata basis on options notional volume at rate as per Table 2 overleaf (₹ – Refer Incentive Computation illustration on page 4)</td> </tr> <tr> <td>MMs fulfilling Level 1 Quote Obligations</td> <td>Additional volume based cash incentive for fulfilling Level 1 Quote Obligations on options notional volume at rate as per Table 2 Overleaf (Passive side) and aforementioned incentive ceilings</td> </tr> <tr> <td>Quoting based Cash Incentive</td> <td>MMs fulfilling Level 1 Quote Obligations</td> <td>Additional payout to MM fulfilling Level 1 Quote Obligations refer Annexure 1 for current month contracts.</td> </tr> <tr> <td>OI based Cash Incentive</td> <td>MM, GMP</td> <td>Based on Daily OI.</td> </tr> </tbody> </table> <ul style="list-style-type: none"> All above payouts shall be computed and paid on daily basis. All cash payouts shall be paid after TDS deductions. TDS certificate shall be issued on quarterly basis. Service Tax related to incentive payouts shall be paid to the members upon submission of invoice. | | Type of Incentive | Applicable To | Payout Structure | Trading Volume based Cash Incentive from pool as per Annexure 3 | MM, GMP | Pro-rata basis on options notional volume at rate as per Table 2 overleaf (₹ – Refer Incentive Computation illustration on page 4) | MMs fulfilling Level 1 Quote Obligations | Additional volume based cash incentive for fulfilling Level 1 Quote Obligations on options notional volume at rate as per Table 2 Overleaf (Passive side) and aforementioned incentive ceilings | Quoting based Cash Incentive | MMs fulfilling Level 1 Quote Obligations | Additional payout to MM fulfilling Level 1 Quote Obligations refer Annexure 1 for current month contracts. | OI based Cash Incentive | MM, GMP | Based on Daily OI. | | | | |
| Type of Incentive | Applicable To | Payout Structure | | | | | | | | | | | | | | | | | | |
| Trading Volume based Cash Incentive from pool as per Annexure 3 | MM, GMP | Pro-rata basis on options notional volume at rate as per Table 2 overleaf (₹ – Refer Incentive Computation illustration on page 4) | | | | | | | | | | | | | | | | | | |
| | MMs fulfilling Level 1 Quote Obligations | Additional volume based cash incentive for fulfilling Level 1 Quote Obligations on options notional volume at rate as per Table 2 Overleaf (Passive side) and aforementioned incentive ceilings | | | | | | | | | | | | | | | | | | |
| Quoting based Cash Incentive | MMs fulfilling Level 1 Quote Obligations | Additional payout to MM fulfilling Level 1 Quote Obligations refer Annexure 1 for current month contracts. | | | | | | | | | | | | | | | | | | |
| OI based Cash Incentive | MM, GMP | Based on Daily OI. | | | | | | | | | | | | | | | | | | |
| Clause 7 | <ul style="list-style-type: none"> S&P BSE SENSEX options contracts as per table 2 | S&P BSE SENSEX options contracts as per table 2 | | | | | | | | | | | | | | | | | | |
| Clause 8 | <ol style="list-style-type: none"> Launch— May 30, 2014 The scheme shall run as per tenure mentioned in SEBI Circular no.CIR/MRD/DP/14/2014 dated April 23, 2014. | | | | | | | | | | | | | | | | | | | |

Table 2—Trading Volume Based Cash Incentive current month contract \$

| Moneyness ¹ (Call & Put) | Market Makers Incentive Rate (Rs. per Cr.) | | | | General Market Participants Incentive Rate (Rs. per Cr.) | | | |
|--|---|------|---------|------|---|------|---------|------|
| | Passive* | | Active* | | Passive* | | Active* | |
| | Buy | Sell | Buy | Sell | Buy | Sell | Buy | Sell |
| All remaining ITMs | NA | NA | NA | NA | 120 | 120 | 120 | 120 |
| ITM 2 | 120 | 240 | 120 | 120 | 120 | 120 | 120 | 120 |
| ITM 1 | 110 | 220 | 110 | 110 | 110 | 110 | 110 | 110 |
| ATM | 100 | 200 | 100 | 100 | 100 | 100 | 100 | 100 |
| OTM 1 | 90 | 180 | 90 | 90 | 90 | 90 | 90 | 90 |
| OTM 2 | 80 | 160 | 80 | 80 | 80 | 80 | 80 | 80 |
| OTM 3 | 40 | 80 | 40 | 40 | 40 | 40 | 40 | 40 |
| OTM 4 | 30 | 40 | 30 | 30 | 30 | 30 | 30 | 30 |
| All remaining OTMs | NA | NA | NA | NA | 0 | 0 | 0 | 0 |

The total daily incentive pool for trading volume based cash incentive (MM+ GMP incentive) will be paid from the pool as per Annexure-3, if the total trading volume based cash incentive (MM+ GMP incentive) crosses the Pool these incentive shall be paid on pro-rata basis.

Illustration—(before pool incentive cap hit)

| Per minute Incentive Cap in 1 st minute of trading time. | Time period wise incentive cap In 1 st minute of trading time | Scenario 1 - Volume in 1 st minute of trading time | Scenario - 2 Volume in 1 st minute of trading time | Member A-Turnover in scenarios 1 | Member A-Turnover in scenarios 2 |
|---|--|---|---|----------------------------------|----------------------------------|
| All ITM,ATM,OTM1 & OTM 2 | Rs.4.9768668 Cr | Rs.10 Cr | Rs.1Cr | OTM1 passive buy -Rs 3 Cr* | OTM1 passive buy -Rs 0.5 Cr |
| OTM3 & OTM 4 | Rs. 14.9358685 Cr | Rs. 20 Cr | Rs.10Cr | OTM3 active buy -Rs. 5Cr | OTM3 active buy -Rs. 5 Cr |
| Total | Rs. 19.9127353 Cr | Rs.30 Cr | Rs.11Cr | Rs.8Cr | Rs.5.5 Cr |

Pro-rata calculation for Scenario 1— 1) All ITM,ATM,OTM1 &OTM2 = Rs 4.9768668 Cr/10 Cr =0.49768; 2)OTM3 & OTM4 = Rs.14.935868 Cr/Rs.20 Crs = 0.7467934.

Incentive calculation for Member A :-

OTM 1 Passive buy = Scenario 1) Rs.3 Cr * 0.49768* Rs.90/Cr =Rs.134.37 ; scenario 2) Rs. 0.5 crs * 1 *Rs.90/Cr= Rs.45/-

OTM 3 active buy = Scenario 1) Rs.5 Cr *0.7467934*Rs.40/Cr = Rs.149.35 ; Scenario 2) - Rs.5 crs* Rs 40/Cr = Rs.200/-

\$ Note— All the GMPs will receive assured incentive upto first 10 lots combined across all the LEIPS schemes running on the derivatives contracts in a day. i.e upto first 10 lots GMP will receive full incentive rate and no pro rata rate ,either in any LEIP Scheme or all LEIPS schemes combined which ever is first as per time priority wise for a day.

*.Active / passive—In any trade, the order with the earlier time stamp is passive and the order with the later time stamp is active

¹—ITM, ATM and OTM strike prices on which Level 1 Quote Obligations shall have to be maintained on a given trading day shall be published by the Exchange on daily basis.

Annexure 1: Level 1—Quote Based Obligation and Incentive (Current Month and Current Week Contracts)

- MMs shall have flexibility to choose a spread – size specification from those listed in Table 4 and Table 5 below:

Table 4—Level 1: Spread Size Specification for Current Month and Current Week Contracts[^]

| | Option 1 | Option 2 | Option 3 |
|--|---|--|---|
| Maximum Spread | Higher of 0.5% of Bid Price or Bid Price based Max. Permissible Spread as per Table 5 | Higher of 0.75% of Bid Price or Bid Price based Max. Permissible Spread as per Table 5 | Higher of 1% of Bid Price or Bid Price based Max. Permissible Spread as per Table 5 |
| Minimum Lots (no. of contracts) | 10 | 20 | 30 |

Table 5— Bid Price Based Maximum Permissible Spread for Level 1 Quoting Obligations Current Month and Current Week contracts[^]

| Bid Price Range (Rs.) | Max. Permissible Spread (Rs.) |
|-----------------------|-------------------------------|
| 0 - 9.9999 | 0.15 |
| 10 - 29.9999 | 0.25 |
| 30 - 49.9999 | 0.40 |
| 50 - 74.9999 | 0.50 |
| 75 - 99.9999 | 0.60 |
| 100-200 | 0.75 |
| Above 200 | 1.00 |

- MMs can interchangeably use the above spread—size specifications on an intra-day basis. i.e. MMs have the flexibility to choose different spread—size specifications at different points in time.

- Illustration:**

Case 1: MM 'A' maintained 2-way quote in the following manner (no time overlap amongst the options):

- ◆ At a spread of 0.50% of bid price with 10 lots between 9.15 am. to 12.00 pm
- ◆ At a spread of 0.75% of bid price with 20 lots between 12.00 pm. to 1.00 pm.
- ◆ At a spread of 1.00% of bid price with 30 lots between 1.00 pm. to 3.00 pm.

The Level 1 presence accounted for this member will be from 9.15 am to 3.00 pm.

Case 2: MM 'B' maintained 2-way quote in the following manner (time overlap amongst the options):

- ◆ At a spread of 0.50% of bid price with 10 lots between 9.15 am. to 12.00 pm.
- ◆ At a spread of 0.75% of bid price with 20 lots between 10.00 am. to 12.00 pm.
- ◆ At a spread of 1.00% of bid price with 30 lots between 1.00 pm. to 3.00 pm.

The Level 1 presence accounted for this member will be from 9.15 am. to 12.00 pm. and then from 1.00 pm. to 3.00 pm.

Annexure 1: Level 1—Quote Based Obligation and Incentive (Current month and Current Week Contract) continued..

| Current Month SENSEX Options Quoting Incentives | | | | | | | | |
|--|---|--|--|-----------------|---|------------------|------------|-------------|
| Moneyness (Call and Put) | Total Pool for Quote Based Cash Incentive (Level 1) Rate per MM for CALL (Rs.) | Total Pool for Quote Based Cash Incen- tive (Level 1) Rate per MM for PUT (Rs.) | Total Addi- tional In- centive if Quoting in pairs | Total (Rs) | % Incentive of respective pool of specific strike (Session wise quoting incentive) | | | |
| | | | | | Session 1 | Session 2 | Session 3 | TOTAL |
| ITM 2 | 20,000 | 20,000 | 5,000 | 45,000 | 25% | 50% | 25% | 100% |
| ITM 1 | 18,000 | 18,000 | 4,000 | 40,000 | 25% | 50% | 25% | 100% |
| ATM | 18,000 | 18,000 | 4,000 | 40,000 | 25% | 50% | 25% | 100% |
| OTM 1 | 13,500 | 13,500 | 3,000 | 30,000 | 25% | 50% | 25% | 100% |
| OTM 2 | 9,000 | 9,000 | 2,000 | 20,000 | 25% | 50% | 25% | 100% |
| OTM 3 | 6,750 | 6,750 | 1,500 | 15,000 | 25% | 50% | 25% | 100% |
| OTM 4 | 4,500 | 4,500 | 1,000 | 10,000 | 25% | 50% | 25% | 100% |
| Total | 89,750 | 89,750 | 20,500 | 2,00,000 | 25% | 50% | 25% | 100% |
| Total Pool for Level 1 Quoting Incentives (Rs.) | | | | | | 2,00,000# | | |

| Current Week SENSEX Options Quoting Incentives | | | | | | | | |
|--|---|--|--|---------------|---|----------------|------------|-------------|
| Moneyness (Call and Put) | Total Pool for Quote Based Cash Incentive (Level 1) Rate per MM for CALL (Rs.) | Total Pool for Quote Based Cash Incen- tive (Level 1) Rate per MM for PUT (Rs.) | Total Addi- tional In- centive if Quoting in pairs | Total (Rs) | % Incentive of respective pool of specific strike (Session wise quoting incentive) | | | |
| | | | | | Session 1 | Session 2 | Session 3 | TOTAL |
| ITM 2 | 5,000 | 5,000 | 1,250 | 11,250 | 25% | 50% | 25% | 100% |
| ITM 1 | 4,500 | 4,500 | 1,000 | 10,000 | 25% | 50% | 25% | 100% |
| ATM | 4,500 | 4,500 | 1,000 | 10,000 | 25% | 50% | 25% | 100% |
| OTM 1 | 3,375 | 3,375 | 750 | 7,500 | 25% | 50% | 25% | 100% |
| OTM 2 | 2,250 | 2,250 | 500 | 5,000 | 25% | 50% | 25% | 100% |
| OTM 3 | 1,687.50 | 1,687.50 | 375 | 3,750 | 25% | 50% | 25% | 100% |
| OTM 4 | 1,125 | 1,125 | 250 | 2,500 | 25% | 50% | 25% | 100% |
| Total | 22,437.5 | 22,437.5 | 5,125 | 50,000 | 25% | 50% | 25% | 100% |
| Total Pool for Level 1 Quoting Incentives (Rs.) | | | | | | 50,000# | | |

Annexure 1: Level 1—Quote Based Obligation and Incentive (Current month and Current Week Contract) continued..

Level 1 Quote Based Incentives for both current month and current week contracts shall be distributed from the daily pool of Rs. 2 Lakhs. i.e if the total of Level 1 Quote Based Incentives of current month and current week contracts crosses Rs. 2 Lakhs, incentives shall be paid proportionately from the pool.

The pool of Rs.2 Lakhs shall be used for both current month and current week quote based incentive and there shall be no separate pool for each contracts.

^ If the sell quote of any strike is quoted as 0.05 paise, then the MM will not be obliged to give the Bid Quote.

* ITM, ATM and OTM strike prices on which Quote Obligations shall have to be maintained on a given trading day shall be published by the Exchange on daily basis.

Session wise quoting— For quoting incentive as per Annexure 1 Market maker has to quote 85% as per spread size obligation in table 4 & 5 in three sessions as per following table. Quote incentives shall divide each session wise.

Session wise quoting incentives are as per below table—

| Session | Time (Total trading time 375 minutes) | Required Presence % | Incentive in Rs |
|-----------|---------------------------------------|---------------------|-----------------|
| Session 1 | First 30 minutes | 85% | 50000 |
| Session 2 | Interim 315 minutes | 85% | 100000 |
| Session 3 | Last 30 minutes | 85% | 50000 |

- **Quote based incentive as per current month and current week options incentives table above shall be paid session wise.i.e a market maker keeping presence of 85% in any particular strike in any particular session shall be eligible for that session and strike incentive as per current month and current week options incentive table of Annexure 1**

Annexure 2: –Additional Quote Based Obligation and Incentive in Near Month Contracts (only on Expiry day)

- MMs shall have flexibility to choose a spread – size specification from those listed in Table 6 and Table 7 below:

| Table 6— Spread Size Specification for ^Near Month Contracts (Only on Expiry day) | | | |
|--|---|--|--|
| | Option 1 | Option 2 | Option 3 |
| Maximum Spread | Higher of 1% of Bid Price or Bid Price based Max. Permissible Spread as per Table 7 | Higher of 1.25% of Bid Price or Bid Price based Max. Permissible Spread as per Table 7 | Higher of 1.50% of Bid Price or Bid Price based Max. Permissible Spread as per Table 7 |
| Minimum Lots (no. of contracts) | 5 | 10 | 15 |

| Table 7— Bid Price Based Maximum Permissible Spread for Level 1 Quoting Obligations ^Near Month contracts (Only on Expiry day) | |
|---|--------------------------------------|
| Bid Price Range (Rs.) | Max. Permissible Spread (Rs.) |
| 0 - 9.9999 | 0.15 |
| 10 - 29.9999 | 0.25 |
| 30 - 49.9999 | 0.40 |
| 50 - 74.9999 | 0.50 |
| 75 - 99.9999 | 0.60 |
| 100-200 | 0.75 |
| Above 200 | 1.00 |

- MMs can interchangeably use the above spread—size specifications on an intra-day basis. i.e. MMs have the flexibility to choose different spread—size specifications at different points in time.

- **Illustration:**

Case 1: MM 'A' maintained 2-way quote in the following manner (no time overlap amongst the options):

- ◆ At a spread of 0.1% of bid price with 5 lots between 9.15 am. to 12.00 pm
- ◆ At a spread of 1.25% of bid price with 10 lots between 12.00 pm. to 1.00 pm.
- ◆ At a spread of 1.50% of bid price with 15 lots between 1.00 pm. to 3.00 pm.

The Level 1 presence accounted for this member will be from 9.15 am to 3.00 pm.

Case 2: MM 'B' maintained 2-way quote in the following manner (time overlap amongst the options):

- ◆ At a spread of 0.1% of bid price with 5 lots between 9.15 am. to 12.00 pm.
- ◆ At a spread of 1.25% of bid price with 10 lots between 10.00 am. to 12.00 pm.
- ◆ At a spread of 1.50% of bid price with 15 lots between 1.00 pm. to 3.00 pm.

The Level 1 presence accounted for this member will be from 9.15 am. to 12.00 pm. and then from 1.00 pm. to 3.00 pm.

Annexure 2: Level 1—Additional Quote Based Obligation and Incentive for Near month Contract on continued..

| Near Month Contract SENSEX Options Quoting Incentives (Only on expiry day) | | | | | | | | |
|--|--|---|--|-----------------|--|------------------|-----------|-------|
| Moneyness ^s (Call and Put) | Total Pool for Quote Based Cash Incentive (Level 1) Rate per MM for CALL (Rs.) | Total Pool for Quote Based Cash Incentive (Level 1) Rate per MM for PUT (Rs.) | Total Additional Incentive if Quoting in pairs | Total (Rs) | % Incentive of respective pool of specific strike (Session wise quoting incentive) | | | |
| | | | | | Session 1 | Session 2 | Session 3 | TOTAL |
| ITM 2 | 20,000 | 20,000 | 5,000 | 45,000 | 25% | 50% | 25% | 100% |
| ITM 1 | 18,000 | 18,000 | 4,000 | 40,000 | 25% | 50% | 25% | 100% |
| ATM | 18,000 | 18,000 | 4,000 | 40,000 | 25% | 50% | 25% | 100% |
| OTM 1 | 13,500 | 13,500 | 3,000 | 30,000 | 25% | 50% | 25% | 100% |
| OTM 2 | 9,000 | 9,000 | 2,000 | 20,000 | 25% | 50% | 25% | 100% |
| OTM 3 | 6,750 | 6,750 | 1,500 | 15,000 | 25% | 50% | 25% | 100% |
| OTM 4 | 4,500 | 4,500 | 1,000 | 10,000 | 25% | 50% | 25% | 100% |
| Total | 89,750 | 89,750 | 20,500 | 2,00,000 | 25% | 50% | 25% | 100% |
| Total Pool for Level 1 Quoting Incentives (Rs.) | | | | | | 2,00,000# | | |

Level 1 near month quote based Incentives on except expiry day, shall be distributed from the separate pool of Rs. 2 Lakhs. i.e if the total of Level 1 near month quote based incentives on expiry day crosses Rs. 2 Lakhs, incentives shall be paid proportionately from the pool.

^If the sell quote of any strike is quoted as 0.05 paise, then the MM will not be obliged to give the Bid Quote.

* ITM, ATM and OTM strike prices on which Quote Obligations shall have to be maintained on a given trading day shall be published by the Exchange on daily basis.

- **There is no Roll over incentive and obligation for SENSEX Weekly SENSEX Options contracts.**

Session wise quoting— For quoting incentive as per Annexure 2 Market makers has to quote 85% as per spread size obligation in table 6 & 7 in three sessions as per following table. Quote incentives will be divided each session wise.

Session wise quoting incentives are as per below table—

| Session | Time (Total trading time 375 minutes) | Required Presence % | Incentive in Rs |
|-----------|---------------------------------------|---------------------|-----------------|
| Session 1 | First 30 minutes | 85% | 25000 |
| Session 2 | Interim 315 minutes | 85% | 50000 |
| Session 3 | Last 30 minutes | 85% | 25000 |

- Quote based incentives as per incentive table above shall be paid session wise.i.e a market maker keeping presence of 85% in any particular strike in any particular session shall be eligible for strike incentives for that session as per incentives table as above.

Annexure 3— Trading Volume based cash incentive pool for MMs and GMPs together.

A) Trading Incentives pay out Cap for individual MM and GMP - Daily maximum pay out per member (MM and GMP) shall be capped at 10% of total daily exchange trading incentive cap.

B) Total trading volume based cash incentive on current month and current week contracts as per table 2 paid to MMs and GMPs together will be capped at daily pools of Rs.5,00,000/-. If the total incentive amount crosses the daily pool of Rs.5,00,000/-then the incentives shall be paid on pro-rata basis.

Annexure 4— Definition of current week contract .

A) Current week contract-

Current week contract (except last Thursday of the month) - weekly options contract having expiry on immediate next Thursday of that week.

For e.g for period of May 01 ,2015 to May 07 , 2015 the current week contract is weekly contract expiring on May 07 , 2015.

Current week contract in the monthly expiry week i.e week in which last Thursday of the month falls - As members are aware the Exchange does not issue separate weekly contract for the week which coincides with expiry week of monthly contracts. In view of this the immediate next weekly options contracts shall be treated as current week contract during the expiry week under this scheme. In other words, the same weekly contract shall be treated as current week contract for two successive weeks.

For e.g for period of 2 weeks i.e May 22 ,2015 to June 04 , 2015 the current week contract is weekly contract expiring on June 04 , 2015.(May 28 ,2015 is monthly expiry contract)

(if any Thursday is trading holiday then expiry day shall be one trading day prior to such Thursday .)

Registration Form for General Market Participant (GMP)

Please print the form on next page on the official stationary (letter head) of the member and
Submit it to your relationship manager.

To,
Business Development Department,
BSE Ltd,
P.J Towers, Dalal Street,
Mumbai 400001, India
Fax: (022) 2272 3001

Registration as General Market Participant (GMP)

1. We _____(name of the member / Clearing Number) would like to register in LEIPS S&P SENSEX Options programme as a General Market Participant.
2. We have read and understood the details of the LEIPS S&P SENSEX Options programme.
3. We are aware that we have to follow a separate registration process if we are interested to participate in LEIPS S&P SENSEX Options programme as a Market Maker.
4. We are aware that BSE reserves the right to render any member ineligible for further participation in the programme if the member engages in activities that are detrimental to the development of the market.
5. We understand that BSE has the right to terminate or amend the programme or expand one or more of the conditions laid down in their circular at its discretion in accordance with SEBI circular CIR/MRD/DP/14/2014.

6. Listed below are our service providers:

Front Office Vendor: _____

Back Office Vendor: _____

7. Listed below are the contact details of designated person from our organization for all derivatives related transactions:

Name: _____

Designation: _____

Mobile: _____

Phone: _____

Email: _____

Name Position (of Designated Person)

(Signature / Stamp of the company)

Place, Date

Phone / Fax/ Email Id

Registration Form for Market Maker in LEIPS-S&P BSE SENSEX Options

(Please print the form on next page on the official stationary of the member and
Submit it to your relationship manager)

To,

Business Development Department,
BSE Ltd,
P.J Towers, Dalal Street,
Mumbai 400001, India
Fax: (022) 2272 3001

Registration in LEIPS-S&P BSE SENSEX Options as Market Maker

1. We _____ (name of the member / Clearing Number) are registering as 'Market Maker' (MM) in listed underlying and type (as indicated in Table 1—List of underlying for Market Making) in accordance to the terms and conditions stated in the LEIPS-S&P BSE SENSEX Options — Terms and Conditions.
2. We will fulfill all the Eligibility conditions as given in Clause 3 of LEIPS-S&P BSE SENSEX Options — Terms and Conditions.
3. As a MM we will fulfill all obligations as given in Clause 2 of LEIPS-S&P BSE SENSEX Options — Terms and Conditions.
4. We shall abide by the letter and spirit of this LEIPS-S&P BSE SENSEX Options circular (as well as all circulars issued by SEBI and the BSE) to maintain the sanctity of the market place. We are aware that BSE reserves the right to render any member ineligible for further participation in the programme if the member engages in activities that are detrimental to the development of the market.
5. We understand that BSE has the right to terminate this programme or amend or expand one or more of the conditions laid down in this circular at its discretion in accordance with SEBI circular CIR/MRD/DP/14/2014.

6. Listed below are our service providers:

Front Office Vendor: _____

Back Office Vendor: _____

7. Listed are the contact details of the designated person from our organization for all derivatives related transactions:

Name: _____

Designation: _____

Mobile: _____

Phone: _____

Email: _____

Name Position (Designated Person)

(Signature / Stamp of the company)

Place, Date

Phone / Fax/ Email Id

Registration in LEIPS-S&P BSE SENSEX Options as Market Maker (cont.)

Please indicate securities for which your firm is registering as market maker by putting a clearly marked “X” in the appropriate cell in the Table 1—List of underlying for Market Making (below). Your application shall be considered incomplete without this.

Table 1—List of Underlying for Market Making

| Underlying | Options |
|----------------|---------|
| S&P BSE SENSEX | |