

## **LEIPS-VI**

*( Effective from 1st August 2012)*

Pursuant to SEBI Circular CIR/DNPD/5/2011 dated June 2, 2011 (BSE Notice no-20110602-18, dated June 02, 2011), permitting stock exchanges to introduce Liquidity Enhancement Schemes (LES) for illiquid securities in their equity derivatives segment, the Exchange has launched a series of **Liquidity Enhancement Incentive Programmes (LEIPS)** with the goal of creating lasting, self-sustaining liquidity in BSE's Futures & Options Segment.

**With effect from 1st August 2012, the Exchange is launching a new programme—LEIPS VI in series of LEIPS programme. The programme focuses on Futures and Options contract on BSE-100 Index.**

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 Futures and Options Segments of the Exchange who have already signed up in LEIPS-III and LEIPS-IV programme as GMPs shall be treated as GMPs in LEIPS-VI programme as well. Trading members who wish to opt out of the LEIPS-VI programme as GMPs shall be required to intimate the Exchange of the same.^^

Registered Market Makers of LEIPS- III & LEIPS- IV programme shall have to register themselves as a Market Maker in LEIPS- VI programme & expressly indicate their interest to do Market Making in the futures and options contracts on underlying index eligible under LEIPS-VI programme.

Other active trading members of Futures and Options Segments of the Exchange can register themselves as a Market Maker (MM) or a General Market Participant (GMP) for this programme as well.

Under the programme, the MMs have a continuous quoting obligation with specified size and spread in futures & options contracts on BSE-100 index. 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 in Index Options
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 as applicable vide SEBI Circular CIR/DNPD/5/2011 dated June 2, 2011.

LEIPS-VI programme shall remain in force till January 31, 2013 i.e. 6 months.

In accordance with the aforesaid SEBI circular the Exchange may amend / discontinue the programme at any time with an advance notice of 15 days. Also, the programme shall be discontinued as soon as the average trading volume on the Exchange, during the last 60 trading days, reaches 1% of market capitalization of the underlying, or six months from introduction of the scheme, whichever is earlier.

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

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Liquidity Enhancement Incentive Programme (LEIPS-VI) is launched by BSE with the goal of creating lasting, self-sustaining liquidity in the BSE F&O segment. **LEIPS-VI focuses on BSE-100 Index Futures and Options.** The programme incentivizes both MMs and GMPs by payment of cash for participating in the programme as per prescribed terms and conditions.

	Market Makers				General Market Participants																											
<b>Clause 1 – Incentives / Benefits</b>	<b>Trading Volume<sup>†</sup> Based Cash Incentive Pro-rata basis</b>	<b>Futures (Rs. /Cr.)</b>				<b>Futures (Rs. /Cr.)</b>																										
		Passive*		Active*		Passive*		Active*																								
		Buy	Sell	Buy	Sell	Buy	Sell	Buy	Sell																							
		1,800	1,800	1,100	1,100	1,100	1,100	1,100	1,100																							
<b>Open Interest<sup>#</sup> Cash Incentive</b>	Based on total daily OI of BSE-100 Index Futures across all LEIPS Members (MM & GMP). Payout structure - <ul style="list-style-type: none"> <li>Till abovementioned total OI is less than or equal to Rs. 800 Cr on any given trading day , Rs. 100 per Cr. of member OI</li> <li>If above mentined total OI exceeds Rs. 800 Cr on any given trading day, then for that day , incentive shall be paid from Pool of Rs. 0.80 Lakhs per day.</li> </ul>																															
<b>1st Trade Incentive for customers</b>	<ul style="list-style-type: none"> <li>Rs. 100 /- to be paid only one time for each registered customer trading for the first time in BSE Futures and Options segment under all LEIPS schemes.</li> <li>Payment to be made to the member based on number of his distinct customers (based on registered UCCs ) who have traded during the calendar month period.</li> <li>Up to first 5000 successfully registered customers by member in UCC system to be eligible to receive incentive.</li> </ul>																															
<b>Clause 2 – Obligations</b>	<b>Transaction Fees</b>	<b>Passive (Rs/Cr)</b>		<b>Active (Rs/Cr)</b>																												
		0		50																												
	<b>Quote</b>	Provide 2-way continuous quote during regular trading hours for 85% of trading time in market making futures contracts on eligible securities/underlying under this scheme (as published by the Exchange on a daily basis).  The only exceptions** shall be due to technical reasons and fast market conditions. Fulfillment of these quote obligation conditions is subject to the obligation conditions specified below. (**Exception— Market halts in a contract or underlying shall not be counted as trading hours)						No Obligations																								
	<b>Spread, Size Specification</b>	Futures – (Current Month Contracts) <ul style="list-style-type: none"> <li>Maintain spread-size ratio of the quote to maximum 0.50</li> <li>The maximum spread cannot exceed 2.50 index points</li> <li><b>Examples—Permissible Combinations</b></li> </ul> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Spread (Index Point)</th> <th>Contract Size (Market Lot)</th> <th>Ratio (Max = 0.50)</th> </tr> </thead> <tbody> <tr><td>0.50</td><td>1</td><td>0.50</td></tr> <tr><td>1.00</td><td>2</td><td>0.50</td></tr> <tr><td>1.50</td><td>3</td><td>0.50</td></tr> <tr><td>2.00</td><td>4</td><td>0.50</td></tr> <tr><td>2.50</td><td>5</td><td>0.50</td></tr> <tr><td>2.50</td><td>10</td><td>0.25</td></tr> <tr><td>2.00</td><td>5</td><td>0.40</td></tr> </tbody> </table>								Spread (Index Point)	Contract Size (Market Lot)	Ratio (Max = 0.50)	0.50	1	0.50	1.00	2	0.50	1.50	3	0.50	2.00	4	0.50	2.50	5	0.50	2.50	10	0.25	2.00	5
Spread (Index Point)	Contract Size (Market Lot)	Ratio (Max = 0.50)																														
0.50	1	0.50																														
1.00	2	0.50																														
1.50	3	0.50																														
2.00	4	0.50																														
2.50	5	0.50																														
2.50	10	0.25																														
2.00	5	0.40																														
<b>Roll Period (5-days prior to expiry)</b>	During the roll period, MMs shall be required to maintain quote obligations in both current month contracts and roll over contract as per spread –size specification above.																															
<b>After the daily volume cap is breached</b>	MMs shall be required to quote as per spread-size obligations in futures throughout the day uniformly even after the volume incentive cap is breached.						No Obligation																									

<sup>†</sup> Incentives are payable only for current , near and far month expiration on monthly futures contracts on eligible underlying

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

# Open Interest— Futures contracts that are not closed or delivered at the end of a particular day.

	Market Makers	General Market Participants
<b>Clause 3</b>	<p><b>Eligibility</b></p> <ul style="list-style-type: none"> <li>Members have to register with the exchange to participate as a MM</li> <li>Net worth of Rs. 1 Cr. (~ USD 0.20 Million)</li> <li>No serious disciplinary action against the member in the last 1 year</li> </ul>	<p>Members have to register with the exchange to be eligible for the incentives.</p> <p>Please refer to ^^ on the cover page for more information.</p>
<b>Clause 4</b>	<p><b>Penalty—Monitoring Obligations</b></p> <ul style="list-style-type: none"> <li>Eligibility for MM incentive payments shall be determined on daily basis based on fulfillment of the MM's obligation during the day.</li> <li>In case of non fulfillment of obligations for a specific day, MM's incentive payment shall be at GMP rate.</li> <li>Exchange provides online system (<a href="https://leipsmm.bseindia.com">https://leipsmm.bseindia.com</a>) to MMs to view their quoting obligations (MM presence) as well as incentive payouts based on their trading activity.</li> <li>Exchange reserves the right to render any member ineligible for further participation in the programme if they engage in activities that are detrimental to the development of the markets.</li> </ul>	<p>Exchange 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 markets</p>
<b>Clause 5</b>	<p><b>Daily Caps —</b></p> <ul style="list-style-type: none"> <li>Cash volume incentives paid upto a maximum volume of Rs. 207.5 cr. in BSE-100 Index futures contracts</li> <li>Payout per trade is capped to maximum of 10 contracts.</li> <li>Total Volume incentive cap divided into 375 time period caps of 1 minute each.</li> <li>For first 10 and last 10 minutes of trading time volume cap shall be of Rs.1.50 crore per minute.</li> <li>For the rest of the trading period of 355 minutes volume cap shall be of Rs.0.50 crore per minute.</li> <li>Incentive to be paid on pro-rata basis on volume contributed by each member in particular time period cap</li> <li>Illustration: - Exchange turnover in first 1 minute period = Rs. 3Cr Per minute time period cap in first 10 minute = Rs. 1.50 Cr Member Turnover in first 1 minute = Rs. 1 Cr Incentive payout for first 1 minute at GMP rates = <math>(1.50 * 1/3) * 1100 = Rs.550/-</math></li> </ul>	
<b>Clause 6</b>	<p><b>Payment</b></p> <ul style="list-style-type: none"> <li>Daily basis for GMPs- at rate of Rs. 1,100 / Cr.</li> <li>Daily basis for MMs - Additional trading volume based cash incentive for fulfilling MM obligations at rate of Rs. 700/Cr. of member volume. (passive side of their volume *)</li> <li>All cash payouts will be paid after TDS deductions. TDS certificate will be issued on quarterly basis</li> <li>Service Tax related to incentive payouts will be paid to the members upon submission of invoice</li> </ul> <p>(* Half of each per minute cap volume shall be considered for MM incentive pro-rata base calculation)</p>	
<b>Clause 7</b>	<p><b>Eligible Securities / Underlying</b></p> <ul style="list-style-type: none"> <li>BSE 100 Index Futures</li> </ul>	<p>BSE-100 Index Futures</p>
<b>Clause 8</b>	<p><b>Time Lines</b></p> <ul style="list-style-type: none"> <li>Scheme Launch—1st August 2012</li> <li>The programme shall run till average trading volume on the Exchange, during the last 60 trading days, reaches 1% of market capitalization of the underlying, or six months from introduction of the scheme, whichever is earlier.</li> </ul>	

Liquidity Enhancement Incentive Programmes (LEIPS-VI) is launched by BSE with the goal of creating lasting, self-sustaining liquidity in the BSE F&O segment. **LEIPS-VI focuses on Futures and Options on BSE 100.** 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	<b>Trading Volume<sup>†</sup> Based Cash Incentive</b>	Market Maker (MM) shall be paid incentives on notional turnover at moneyness strikewise rates as per Table 1 overleaf			General Market Participant shall be paid incentives on notional turnover at moneyness strikewise rates as per Table 1 overleaf
	<b>Quoting Based Cash Incentive</b>	<ul style="list-style-type: none"> <li>Based on fulfillment of Level 2 Quote Obligations, qualifying MMs shall be paid incentives at Moneyness Strike-wise rates (refer to Annexure 1 overleaf).</li> <li>Based on fulfillment of Level 3 Quote Obligations, qualifying MMs shall be paid incentives at Rs. 2 Lakhs per day per MM (refer to Annexure 2 overleaf).</li> <li>Above incentives will be paid until payout reaches a combined pool of Rs. 10 Lakhs, Qualifying MMs to be paid incentives on pro-rata basis thereafter.</li> </ul>			Not Applicable
	<b>Open Interest<sup>‡</sup> Cash Incentive</b>	Based on daily Exchange OI of BSE 100 Index Options. <sup>¥</sup> Only short option positions will be eligible for OI incentive. <ul style="list-style-type: none"> <li>Till Exchange OI for BSE 100 Options on any given trading day is less than or equal to Rs. 1000 Cr., the incentive for that day shall be paid at a rate of Rs.100 per Cr of Member OI<sup>¥</sup> for the day.</li> <li>If Exchange OI for BSE 100 Options on any given trading day crosses Rs.1000Cr, then incentive for that day shall be paid on proportionate basis from a daily pool of Rs.1 Lakhs.</li> </ul>			
	<b>1st Trade Incentive for customers</b>	<ul style="list-style-type: none"> <li>Rs. 100 /- to be paid only one time for each registered customer trading for the first time in BSE F&amp;O segment under all LEIPS schemes</li> <li>Payment to be made to the member based on number of his distinct customers (based on registered UCCs ) who have traded during the calendar month period.</li> <li>Up to first 5000 successfully registered customers by member in UCC system to be eligible to receive incentive.</li> </ul>			
	<b>Lower Transaction Fee</b>	<b>Options (Rs. / Cr. Premium)</b>			
	Passive		Active		
	0		50		
Clause 2 — Obligations	<b>Quote Obligation</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	No Obligations
		Provide 2-way continuous quote during regular trading hours for 75% of trading time as per Table 2 overleaf	Provide 2-way continuous quote during regular trading hours for 85% of trading time as per Annexure 1 overleaf	Provide 2-way continuous quote during regular trading hours for 85% of trading time as per Annexure 2 overleaf	
	The only exceptions** shall be due to technical reasons and fast market conditions. Fulfillment of these quote obligation conditions is subject to the obligation conditions specified below. (** Indicative Exceptions— Market halts in a contract or underlying shall not be counted as trading hours)				
	<b>Spread &amp; Size</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	No Obligations
		2-way quote in any one or more market making contract series <sup>‡</sup> as per quote obligations specified in Table 2	2 way quote in any one or more market making contract series <sup>‡</sup> as per quote obligations specified in Annexure 1	3 layered, 2 way quotes in all 14 market making contract series <sup>‡</sup> as per quote obligations specified in Annexure 2	
	<b>Roll Period (5 days prior to expiry)</b>	Quote obligations for the current month contracts shall also be applicable to the next month contracts.	No Roll period obligation	No Roll period obligation	
	<b>After the daily volume cap is breached</b>	Provide 2-way continuous quote during regular trading hours for 75% of trading time as per Table 2 overleaf even after the volume incentive 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	Provide 2-way continuous quote during regular trading hours for 85% of trading time as per Annexure 2 overleaf even after the volume incentive cap is breached	
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<sup>†</sup> Incentives are payable only for current, near and far month expiration on monthly options contracts on eligible underlying

<sup>#</sup> Open Interest—Notional volume of options contracts that are not closed or delivered at the end of a particular day.

<sup>‡</sup> Market making contract series shall be published by the exchange on a daily basis

	Market Makers	General Market Participants																
Clause 3	<ul style="list-style-type: none"> <li>Members have to register with the exchange to participate as a MM</li> <li>Net worth of Rs. 1 Cr. (~ USD 0.20 Million)</li> <li>No serious disciplinary action against the member in the last 1 year</li> </ul>	Members have to register with the exchange to be eligible for the incentives.  Please refer to ^^ on the cover page for more information.																
Clause 4	<ul style="list-style-type: none"> <li>Eligibility for MM incentive payments shall be determined on daily basis based on fulfillment of the MM's obligation during the day</li> <li>In case of non-fulfillment of obligations for a specific day, MM's incentive payments shall be at GMP rates</li> <li>Exchange provides online system (<a href="https://leipsmm.bseindia.com">https://leipsmm.bseindia.com</a>) to MMs to view their quoting obligations (MM presence) as well as incentive payouts based on their trading activity</li> <li>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</li> </ul>	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	<b>Daily Caps</b> — Cash volume incentives shall be paid upto a maximum of <b>Rs. 2905 Cr. in BSE 100 Index Options (Notional volume)</b> as follows—																	
Clause 5	<table border="1"> <thead> <tr> <th>Total No of Time Periods</th> <th>Duration of Each Time Period</th> <th>Time Period wise Cap for Options Trading (Notional volume)</th> </tr> </thead> <tbody> <tr> <td>First 10 and Last 10 minutes</td> <td>1 minute</td> <td>Rs 15 Crore</td> </tr> <tr> <td>Interim 355 Minutes</td> <td>1 minute</td> <td>Rs 7.338 Crore</td> </tr> <tr> <td colspan="2">Daily Volume Incentive Cap</td> <td>Rs 2905 Crore</td> </tr> </tbody> </table>		Total No of Time Periods	Duration of Each Time Period	Time Period wise Cap for Options Trading (Notional volume)	First 10 and Last 10 minutes	1 minute	Rs 15 Crore	Interim 355 Minutes	1 minute	Rs 7.338 Crore	Daily Volume Incentive Cap		Rs 2905 Crore				
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OI based Cash Incentive	MM, GMP	Based on Daily Average OI																
Clause 6	<ul style="list-style-type: none"> <li>All above payouts shall be computed and paid on daily basis.</li> <li>All cash payouts shall be paid after TDS deductions. TDS certificate shall be issued on quarterly basis.</li> <li>Service Tax related to incentive payouts shall be paid to the members upon submission of invoice.</li> </ul>																	
Clause 7	<ul style="list-style-type: none"> <li>BSE 100 Index Options contracts as per Table 1</li> </ul>	BSE 100 Index Options contracts as per Table 1																
Clause 8	<ul style="list-style-type: none"> <li>Launch—1st August, 2012</li> <li>The programme shall run till average trading volume on the Exchange, during the last 60 trading days, reaches 1% of market capitalization of the underlying, or six months from introduction of the scheme, whichever is earlier.</li> </ul>																	

**Table 1—Trading Volume Based Cash Incentive**

Moneyness <sup>§</sup> (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
<b>All remaining ITMs</b>	NA	NA	NA	NA	100	100	100	100
<b>ITM 2</b>	100	200	100	100	100	100	100	100
<b>ITM 1</b>	100	200	100	100	100	100	100	100
<b>ATM</b>	100	200	100	100	100	100	100	100
<b>OTM 1</b>	90	180	90	90	90	90	90	90
<b>OTM 2</b>	80	160	80	80	80	80	80	80
<b>OTM 3</b>	70	140	70	70	70	70	70	70
<b>OTM 4</b>	50	100	50	50	50	50	50	50
<b>OTM 5</b>	NA	NA	NA	NA	40	40	40	40
<b>OTM 6</b>	NA	NA	NA	NA	30	30	30	30
<b>OTM 7</b>	NA	NA	NA	NA	20	20	20	20
<b>OTM 8</b>	NA	NA	NA	NA	10	10	10	10
<b>All remaining OTMs</b>	NA	NA	NA	NA	0	0	0	0

**Level 1 Quote Obligations****Spread Specification for BSE 100 Index Options**

Table 2	Bid Prices of Premium (Rs.)	Maximum Spread (Rs.) (Current Month Contract)
	0–10	0.50
10–50	1.00	
50–100	2.00	
100–250	4.00	
250–500	6.00	
500–750	9.00	
>750	12.00	
Minimum quantity of contracts	2	

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

§ 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 2—Quote Based Obligation and Incentive**

- MMs shall have the flexibility to choose a spread — size specification from those listed in Table 3 below:

**Table 3 - Level 2—Quote Based Incentive: Spread & Size Specification**

Level 2: Spread Size Specification			
	Option 1	Option 2	Option 3
<b>Maximum Spread<sup>¶</sup> (as a % of Bid Price)</b>	Higher of 1 % or Rs. 0.50	Higher of 1.25% or Rs. 0.50	Higher of 1.5% or Rs. 0.50
<b>Minimum Lots (no. of contracts)</b>	20	30	40

<sup>¶</sup>In any circumstances the maximum spread cannot be greater than Rs. 5.00

- 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 ways quote in the following manner (no time overlap amongst the options):

- ◆ At a spread of 1% of bid price with 20 lots between 9.15 am. to 12.00 pm
- ◆ At a spread of 1.25% of bid price with 30 lots between 12.00 pm. to 1.00 pm.
- ◆ At a spread of 1.5% of bid price with 40 lots between 1.00 pm. to 3.00 pm.

The Level 2 presence accounted for this member will from 9.15 am to 3.00 pm.

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

- ◆ At a spread of 1% of bid price with 20 lots between 9.15 am. to 12.00 pm.
- ◆ At a spread of 1.25% of bid price with 30 lots between 10.00 am. to 12.00 pm.
- ◆ At a spread of 1.5% of bid price with 40 lots between 1.00 pm. to 3.00 pm.

The Level 2 presence accounted for this member will from 9.15 am. to 12.00 pm. and then from 1.00 pm. to 3.00 pm.

- Incentive payable to MMs upon fulfillment of Level 2—Quote Based Obligation shall be as per table 4 below:

**Table 4 - Level 2—Quote Based Incentives**

Level 2 Quote Obligation Incentive						
Table 4	Moneyiness <sup>§</sup> (Call and Put)	Quote Based Cash Incentive (Level 2) Rate per MM for CALL (Rs.)	Quote Based Cash Incentive (Level 2) Rate per MM for PUT (Rs.)	Additional Incentive if Quoting in pairs	Total (Rs)	Quote Based Cash Incentive (Level 2) pool across all eligible MMs (Rs.)
	ITM 2	20,000	20,000	5,000	45,000	2,28,000
	ITM 1	18,000	18,000	4,000	40,000	2,00,000
	ATM	18,000	18,000	4,000	40,000	2,00,000
	OTM 1	13,500	13,500	3,000	30,000	1,52,000
	OTM 2	9,000	9,000	2,000	20,000	1,00,000
	OTM 3	6,750	6,750	1,500	15,000	72,000
	OTM 4	4,500	4,500	1,000	10,000	48,000
<b>Total</b>	<b>89,750</b>	<b>89,750</b>	<b>20,500</b>	<b>2,00,000</b>	<b>10,00,000<sup>#</sup></b>	
<b>Additional Incentive for fulfilling quoting obligations in all the above strikes</b>				<b>1,00,000</b>		

<sup>#</sup> Quote Based Incentives for Level 2 and Level 3 shall be distributed from the existing daily pool of Rs. 10 Lakhs. i.e if the total of Level 2 and Level 3 Quote Based Incentives crosses Rs. 10 Lakhs, incentives shall be paid proportionately.

<sup>§</sup> ITM, ATM and OTM strike prices on which Level 2 Quote Obligations shall have to be maintained on a given trading day shall be published by the Exchange on daily basis.

**Annexure 2: Level 3—Quote Based Obligation and Incentive**

- Market maker shall be paid Rs.2,00,000 daily incentive in addition to level 2 quote incentive if he maintains 3 layered 2—way quotes in all the 14 strikes as published by the Exchange on the BSE 100 Options.
- MMs shall have the flexibility to choose a 3 layered quote spread — size specification from the options listed in table 5 below:

**Table 5 - Spread & Size Specification**

<b>Level 3: Spread—Size Specification</b>			
	<b>Option 1</b>	<b>Option 2</b>	<b>Option 3</b>
<b>Layer 1</b>	Higher of 1% of Bid Price <sup>ψ</sup> or Rs. 0.50 and min. lot of 20 contracts	Higher of 1.25% of Bid Price <sup>ψ</sup> or Rs. 0.50 and min. lot of 30 contracts	Higher of 1.5% of Bid Price <sup>ψ</sup> or Rs. 0.50 and min. lot of 40 contracts
<b>Layer 2</b>	Bid and ask price at a max. difference of Rs. 0.50 from respective bid and ask price of layer 1 and a min. lot of 15 contracts	Bid and ask quotes at a max. difference of Rs. 0.50 from respective bid and ask price of layer 1 and a min. lot of 25 contracts	Bid and ask quotes at a max. difference of Rs. 0.50 from respective bid and ask price of layer 1 and a min. lot of 30 contracts
<b>Layer 3</b>	Bid and ask price at a max. difference of Rs. 0.50 from respective bid and ask price of layer 1 and a min. lot of 10 contracts	Bid and ask quotes at a max. difference of Rs. 0.50 from respective bid and ask price of layer 1 and a min. lot of 20 contracts	Bid and ask quotes at a max. difference of Rs. 0.50 from respective bid and ask price of layer 1 and a min. lot of 25 contracts

<sup>ψ</sup>In any circumstances the maximum spread cannot be greater than Rs. 5.00

- Illustration:**

- ◆ Case 1: ATM Strike with layer 1 at a spread of 1% of bid price & default contract size of 20

Layer	Qty	Bid Price	Offer Price	Qty
Layer 1	20	400.00	404.00	20
Layer 2	15	399.50	404.50	15
Layer 3	10	399.50	404.50	10

- ◆ Case 2: ATM Strike with layer 1 at a spread of 1.25% of bid price & default contract size of 30

Layer	Qty	Bid Price	Offer Price	Qty
Layer 1	30	400.00	405.00	30
Layer 2	25	399.50	405.50	25
Layer 3	20	399.50	405.50	20

- ◆ Case 3: ATM Strike with layer 1 at a spread of 1.5% of bid price & default contract size of 40

Layer	Qty	Bid Price	Offer Price	Qty
Layer 1	40	400.00	405.00	40
Layer 2	30	399.50	405.50	30
Layer 3	25	399.50	405.50	25

- ◆ Case 4: ATM Strike with layer 1 at a spread of 1% of bid price & default contract size of 20

Layer	Qty	Bid Price	Offer Price	Qty
Layer 1	20	400.00	404.00	20
Layer 2	15	400.00	404.50	15
Layer 3	10	400.00	404.50	10

- Similar to Level 2—Quote Based Obligations, MMs can interchangeably use the any of the above 3—layered spread—size specifications on an intra-day basis. i.e. MMs have the flexibility to choose different 3—layered spread—size specifications at different points in time.
- Note: Quote Based Incentives for Level 2 and Level 3 shall be distributed from the existing daily pool of Rs. 10 Lakhs (refer Table 4). i.e if the total of Level 2 and Level 3 Quote Based Incentives crosses Rs. 10 Lakhs, incentives shall be paid proportionately.**



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,  
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 programme as a General Market Participant.
2. We have read and understood the details of the LEIPS programme.
3. We are aware that we have to follow a separate registration process if we are interested to participate in LEIPS 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/DNPD/5/2011.
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-VI**

(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-VI 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-VI – Terms and Conditions.
2. We will fulfill all the Eligibility conditions as given in Clause 3 of LEIPS-VI – Terms and Conditions.
3. As a MM we will fulfill all obligations as given in Clause 2 of LEIPS-VI – Terms and Conditions.
4. We shall abide by the letter and spirit of this LEIPS-VI 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/DNPD/5/2011.
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-VI 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	Futures	Options
BSE-100 Index		