**Annexure I**

**Revised market making obligation for Designated secondary market maker (DSM) -**

* Members willing to apply for Designated Secondary Market Maker (DSM) in the Equity Derivatives segment shall apply in BEFS portal in the Pre-specified format.
* Member can apply for DSM for self or for their client clearly mentioning the client code in which they intend to act as Market Maker.
* Each member shall be allowed to apply for market making in only one client code.
* Member can apply as DSM from the list of securities specified by the Exchange from time to time.
* Members should clearly specify the securities in which they intend to do Market Making.
* Exchange decision with respect to the selection / discontinuation of DSM shall be final and binding.
* Exchange reserves the right to suspend or discontinue any DSM in case of any mala fide intentions or interests observed by the exchange.

Following are the obligations of Designated Secondary Market Maker (DSM) in Equity Derivatives segment –

1. **Securities Eligible for Designated Secondary Market Maker –**
   1. Index Futures contracts (All contracts)
   2. Index Options (All contracts)
   3. Stock Futures (All contracts)
   4. Stock Options (All contracts)
2. **Designated Secondary Market Maker Registration Requirement –**

Mandatory for members willing to register as DSM. Members can apply for DSM registration anytime during the Month subject to approval of Exchange.

1. **Incentives –** No Incentives shall be given to DSM.
2. **Presence Requirements –**

Provide two-way quotes in any contract of the specific security for minimum 50% of the trading hours’ time in a day for minimum 25% of trading days in a month from the date of appointment as DSM.

1. **No of Lots –** Minimum 1 Lot.
2. **Designated Secondary Market Maker Qualification for subsequent month –**

DSM shall be considered as qualified Market Maker only for the securities in which he is able to fulfill above obligations and shall be automatically considered deemed Market Maker for the same securities for the subsequent month.

1. **Re-registration in case of failure to qualify as Designated Secondary Market Maker in selected securities –**

Need to re-apply as DSM on Monthly basis which shall be applicable for the subsequent Month (can reapply in last week of the Month clearly specifying list of securities and operational date).

1. **Order To Trade Ratio (OTR) Check Exemption –**

Applicable to DSM in all the contracts of a security in which member is enlisted as DSM.

1. **Reversal Trade Prevention Check (RTPC) Exemption –** Applicable to DSM
2. **Spread Requirements –**

|  |  |  |
| --- | --- | --- |
| **Sr No** | **Product** | **Max. permissible Spread Requirements between bid and offer price -** |
| i | Index Futures contracts (All contracts) | Maximum permissible spread of 0.20 %. |
| ii | Index Options (All contracts)) | Maximum permissible spread of 10% or Rs. 5 (Whichever is higher) |
| iii | Stock Futures (All contracts) | Maximum permissible spread of 3 %. |
| iv | Stock Options (All contracts)) | Maximum permissible spread of 10% or Rs. 5 (Whichever is higher) |

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